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# **Southeast Asia Report**

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26 April 1983

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## BURMA

### BRIEFS

COMBAT IN NORTHEASTERN SHAN STATES--Between January and February, small units of the People's Army made 14 guerrilla attacks on the enemy around Keng Tung-Mong Ping Road. The attacks killed almost 30 enemy soldiers and wounded 17 others. Some ammunition was captured from the enemy. On 26 February, an attack by a small unit of the People's Army at Mong Yang resulted in 5 enemy soldiers being killed and 14 others wounded. On the same day, a small guerrilla unit of the People's Army killed one enemy soldier and wounded nine others in an attack on an enemy unit. Mines planted by the people destroyed an enemy motor vehicle and also killed three enemy soldiers, including a mercenary lieutenant. [Text] [BK230932 (Clandestine) Voice of the People of Burma in Burmese 0030 GMT 23 Mar 83]

CSO: 4211/23

BATTLE INFORMATION REPORTED

SRV Use of Chemicals

BK191000 (Clandestine) Voice of the National Army of Democratic Kampuchea in Cambodian 2230 GMT 18 Feb 83

[Text] On 1 February, the Vietnamese aggressors sprayed toxic chemicals on Kranhung commune, Samlot District, Battambang Province, injuring 12 inhabitants.

This poison results in headaches, suffocation, chest pains, vomiting, dry throat, indigestion, diarrhea, weakness and convulsions.

Railroad Disruption

BK201058 (Clandestine) Voice of Democratic Kampuchea in Cambodian 2330 GMT 19 Feb 83

[Text] On 8 February our National Army and guerrillas destroyed 27 sections of railroad tracks totaling 975 meters and a drainage pipe 3 meters wide and 8 meters deep at an area located between Thippadei Hill and Chak Toch. On 12 February our National Army and guerrillas destroyed another 8 sections of railroad tracks totaling 308 meters at an area between Kralaom Phluk and (Pou Kaong).

In summary, we destroyed 35 sections of railroad tracks totaling 1,283 meters and a drainage pipe on the Moung battlefield, thus the Vietnamese enemy's railroad links between Phnom Penh and Battambang were again disrupted. Long live our valiant and courageous National Army, guerrillas and people on the Moung battlefield in Battambang Province.

SRV Central Highlands Battles

BK230925 (Clandestine) Voice of Democratic Kampuchea in Cambodian 2330 GMT 22 Feb 83

[Combat activities of the Dega-Fulro guerrillas]

[Text] On the Kon Tum battlefield: From 2 to 11 February [month as heard], Dega-Fulro guerrillas attacked the Le Duan Vietnamese east of (Blei Graf)



village, at (Buon Blei Klek) orchard and at (Buon Blei Ngo) orchard west of Kon Tum, killing four Vietnamese soldiers and seizing 3 AK's, an AR-15 and 45 rounds of AK ammunition.

On the Pleiku battlefield: Between 3 and 9 December, Dega-Fulro guerrillas attacked the Le Duan Vietnamese on the road to (Blei Chvet) village and from (Blei Vav), when they were travelling from (Blei Trang) village to (Blei Kre), and in the orchard of (Buon Glo Kleh) killing four, wounding one and seizing 2 AK's, an AR-15, a carbine and 30 rounds of ammunition, and 45 rounds of AK ammunition.

From 15 to 19 December, Dega-Fulro guerrillas attacked the Le Duan Vietnamese at (Roung Toh) village, at (Blei Tou Kang) village, and in the orchard of (Roma Tuon) village, killing four enemy soldiers, wounding one and seizing 4 AK's, 2 AR-15's, a carbine and 100 rounds of carbine ammunition.

In sum, on the two battlefields, the Dega-Fulro guerrillas killed or wounded 14 Le Duan Vietnamese soldiers and seized 9 AK's, 4 AR-15's, 2 carbines, ammunition and a quantity of materiel.

#### Guerrillas Attack Platoon Position

BK021040 (Clandestine) Voice of Democratic Kampuchea in Cambodian 2330 GMT  
28 Feb 83

[Text] On 24 February our National Army and guerrillas attacked a Vietnamese platoon position at (Samaki) village, Cheysen District, Preah Vihear Province. Having sneaked close to the Vietnamese position, we opened fire and killed 4 Vietnamese soldiers on the spot and wounded another 6 for a total of 10 casualties. The remaining soldiers fled from the position. We seized nine AK's and an AR-15. We completely liberated and controlled this platoon position.

Long live our valiant and courageous army, guerrillas and people of the Cheysen District.

#### 'Secret Agents' to Laos

BK020707 (Clandestine) Voice of the National Army of Democratic Kampuchea in Cambodian 1000 GMT 28 Feb 83

[Text] According to various sources, the regional Vietnamese expansionists have recently sent many more of their secret agents to Laos in order to have a firm grip on this country and use it as a stepping board to invade other neighboring countries. These agents are 70 percent from the Vietnamese Ministry of Interior, and the other 30 percent have just left their training schools. Their tasks are to grasp the military situation along the Lao-Thai border area, to grasp the activities of the Lao liberation guerrillas, and to follow the activities inside the puppet administration and of the Lao people. Other opinions think that the Hanoi Vietnamese are using this trick in an attempt to carry out provocative actions along the Lao-Thai border.

### Lao Guerrillas Intercept, Kill SRV Soldiers

BK020440 (Clandestine) Voice of the National Army of Democratic Kampuchea in Cambodian 2230 GMT 28 Feb 83

[Text] On 16 February the Lao national liberation guerrillas intercepted the Vietnamese aggressors on the road from Preal to Kalum, killing three and wounding one. One more Vietnamese soldier was killed and another wounded when they stepped on landmines. On 20 February the Lao national liberation guerrillas attacked those conducting operations along (Puoy) stream, near Kalum and between Preal and Dong villages, killing 10 and wounding 13. In sum, the Lao national liberation guerrillas killed 14 Vietnamese soldiers and wounded 15 others.

### Lao Guerrilla Attacks

BK031057 (Clandestine) Voice of Democratic Kampuchea in Cambodian 2330 GMT 2 Mar 83

[Text] On 15 and 16 February the guerrillas of the Lao National Liberation Front intercepted Vietnamese soldiers along the road from (Preal) to (Kalum) villages, killing three and wounding one. Another Vietnamese soldier was killed and another one was wounded when they stepped on the guerrillas' mines.

On 20 February the guerrillas attacked the Vietnamese at (O Duonh) position, killing three and wounding four. Seven Vietnamese soldiers were killed and nine others were wounded when they stepped on the guerrillas' mines near positions at (Preal) and (Kalum) villages.

In sum, the guerrillas of the Lao National Liberation Front killed or wounded 29 Vietnamese enemy soldiers.

### Lao Guerrillas Inflict Casualties

BK021620 (Clandestine) Voice of the National Army of Democratic Kampuchea in Vietnamese 1200 GMT 2 Mar 83

[Text] The following casualties were inflicted by the Lao national liberation guerrillas on the Vietnamese aggressor troops:

--Nine killed and nine wounded on 15-16 February on the Champassak battlefront, in the area between (Prew) and (Plung) hamlets.

--Five killed and six wounded on 20 February in the area of (O Boun) and between (Plung) and (Dong) hamlets.

A total of 29 casualties were inflicted by the Lao national liberation guerrillas on the Vietnamese aggressor troops.

### Lao Guerrillas Kill Soldiers

BK031428 (Clandestine) Voice of the National Army of Democratic Kampuchea in Cambodian 2230 GMT 2 Mar 83

[Text] Recently, the Vietnamese aggressor soldiers in Laos stepped on a landmine planted by the Lao National Liberation Front guerrillas near the Lao-Thai border. The explosion caused two killed and three wounded among the Vietnamese aggressors.

### Train Ambushed in Kampot

BK051355 (Clandestine) Voice of Democratic Kampuchea in Cambodian 2330 GMT 3 Mar 83

[Text] On 8 February, our army and guerrillas ambushed a Vietnamese train from Kompong Som in an area near Roluos, Kampot District, Kampot battlefield. We set 3 train cars ablaze, killed 10 Vietnamese aggressors on the cars and wounded 15 others. Fire destroyed all goods in the three cars.

Long live our valiant and courageous army, guerrillas and people in Kampot District, Kampot battlefield.

### Guerrillas Attack Oil Depot

BK051155 (Clandestine) Voice of Democratic Kampuchea in Cambodian 2330 GMT 4 Mar 83

[Text] On 25 February, our army and guerrillas attacked a Vietnamese oil depot in Kompong Luong, Leach District, Pursat Province, setting it ablaze for 1 and 1/2 hours, killing 13 Vietnamese guards, wounding 7 others and destroying three 15-watt telegraph sets and a quantity of materiel.

Long live our valiant and courageous army, guerrillas and people in Leach District, Pursat battlefield.

### SRV Casualties at Siem Reap

BK081153 (Clandestine) Voice of Democratic Kampuchea in Cambodian to Kampuchea 2330 GMT 6 Mar 83

[Text] On 27 February our guerrillas shelled Vietnamese positions in Siem Reap town killing 12 enemy soldiers and wounding 23 others for a total of 35 casualties. Two trucks and three military barracks were destroyed. Long live our valiant and courageous army, guerrillas and people of Siem Reap town.

### LNLF Guerrillas Blow Up Bridge

BK080824 (Clandestine) Voice of the National Army of Democratic Kampuchea  
in Cambodian 2230 GMT 7 Mar 83

[Text] It has been learned that the LNLF guerrillas blew up a bridge southeast of the (Wang Ta-ou) region, killing two Vietnamese soldiers guarding it. The report said this was an important bridge linking Route 10 with the Lao-Thai border region. The Vietnamese aggressors used it to channel troops and war materiel to the border area and transport loot plundered from the Lao people living in the border region back to Vietnam for the past 4 years. It is being asked, with the people and guerrillas of the LNLF intensifying their attacks against the Vietnamese aggressors, the people and guerrillas and army of Democratic Kampuchea intensifying attacks against the Vietnamese aggressors and the Vietnamese people rising up against the Vietnamese authorities, how long will the Le Duan clique last? People far and wide are closely following this situation.

### SRV Settlers in Takeo Province

BK100721 (Clandestine) Voice of the National Army of Democratic Kampuchea  
in Cambodian 2230 GMT 8 Mar 83

[Text] On 17 January, the Vietnamese aggressors sent 200 families of Vietnamese nationals to settle in villages south of Cheav Pdei Hill in Kirivong District. These Vietnamese nationals forced our people out of their houses and took over their houses, farmland and crops in these villages. They claimed that these farmland and ricefields belong to them. However, our people resolutely protested and opposed this.

### Lao Guerrilla Action

BK100725 (Clandestine) Voice of the National Army of Democratic Kampuchea  
in Cambodian 2230 GMT 9 Mar 83

[Text] It has been reported that a group of Vietnamese occupation troops in Laos, launching an operation south of (Sitho Tabong), ran into an ambush of the Lao National Liberation Front guerrillas [date of action not mentioned]. They suffered three killed and two wounded. The survivors fled but hit a landmine, and two were killed.

### Guerrilla Action in Central Highlands

BK100635 (Clandestine) Voice of the National Army of Democratic Kampuchea  
in Cambodian 2230 GMT 9 Mar 83

[Text] It has been reported that six Le Duan soldiers stepped on landmines planted in an area between (Kon Mukha) and Kon Tum by the guerrillas of the Vietnam central highlands people's struggle movement [Chalana Tarsu Robas Pracheachon Neou Tambon Khpong Reap Vietnam], suffering three killed or wounded.

### SRV Withdraws From Five Positions

BK100737 (Clandestine) Voice of Democratic Kampuchea in Cambodian 2330 GMT  
9 Mar 83

[Text] Following our repeated attacks, wearing them down, destroying their communications and transport lines and surrounding them by setting up landmines and punji stakes everywhere, on 4 February the Vietnamese aggressors were compelled to withdraw from five positions in Siem Reap District, Siem Reap Province. These positions are: A regiment position in Varin commune and four platoon positions at Phum Prasat, Phum Chan Run, Phum Russei and Phum Svay Sa in Svay Sa commune.

We destroyed these Vietnamese positions and took control of the Varin commune and the four villages in Svay Sa commune, Siem Reap District, Siem Reap Province.

Long live our valiant and courageous National Army, guerrillas and people in Siem Reap District, Siem Reap Province.

### Vietnamization of Chhuk District

BK111452 (Clandestine) Voice of Democratic Kampuchea in Cambodian 2330 GMT  
10 Mar 83

[Text] Along with their repression and killing of our people in Chhuk District, on 15 February the Vietnamese enemy aggressors brought over 10 Vietnamese families to settle in Chhuk market. Through this process of bringing more and more Vietnamese people to settle in Chhuk District, the Vietnamese enemy aggressors are attempting to transform our territory in Chhuk District into Vietnamese territory.

The Vietnamese enemy aggressors think that by implementing their policy of exterminating our Kampuchean people, coupled with their policy of Vietnamization by bringing increasing numbers of Vietnamese people to settle in our Kampuchean territory, after a time, the Vietnamese people will become the majority and our territory will then become the Vietnam's. However, contrary to the Vietnamese criminal aim, our people in Chhuk District--as well as our entire people--have risen up and united with the National Army and guerrillas of our Democratic Kampuchea to fight back against the Vietnamese enemy aggressors to defend the nation, race and their sacred territory and not allow the Vietnamese to swallow even an inch of it.

### Convoy Ambushed on Route 13

BK140648 (Clandestine) Voice of Democratic Kampuchea in Cambodian 2330 GMT  
13 Mar 83

[Text] On 9 February our army and guerrillas ambushed a Vietnamese truck convoy along Route 13 in the area located between Phum Thmei and Phum

Sangkom, Kratie District, Kratie Province. We set a truck ablaze, killed 10 Vietnamese soldiers, including a battalion commander, wounded 2 others, destroyed two AK's and seized a pistol, two RPD's, six AK's, a grenade and a quantity of materiel.

Long live our valiant and courageous National Army, guerrillas and people in Kratie District of Kratie Province.

#### Commando Attack in Pailin

BK160854 (Clandestine) Voice of Democratic Kampuchea in Cambodian 2330 GMT  
15 Mar 83

[Text] At 0200 on 9 March our commandos entered the Vietnamese regimental command post in Pailin market [Battambang Province] from four directions, the first column heading toward Phnum Yat, the second toward a four-storied brick building, the third toward the regimental command building and the fourth operating in the coffee plantation and at O Chrap. At 0900 all the four groups opened fire simultaneously. After an hour of shooting, we killed 35 Vietnamese enemy soldiers and wounded 45 others. We destroyed an 82-mm mortar, a 60-mm mortar, a DK-106, a DK-75, two 12.7-mm machineguns, two C-25 field radio sets, a telegraphic machine, a regimental command post, 11 military buildings and barracks and a large quantity of equipment. After carrying out this mission, our commandos returned to their base with success.

Long live our valiant regular army, guerrillas and people of the Route 10-Pailin battlefield.

#### Lao Guerrilla Activity

BK181318 (Clandestine) Voice of the National Army of Democratic Kampuchea in Cambodian 2230 GMT 17 Mar 83

[Text] Here is a report on battle activities of the Lao National Liberation guerrillas: On 3 March, the guerrillas planted 12 mines and 2,000 punji stakes at Kalum. On 7 March, 6 mines and 13,000 punji stakes were planted at Kalum position. On the same day, 10 more mines and 2,000 punji stakes were planted at Kjalum. A Vietnamese was killed and two others were wounded. On 6 and 10 March, guerrillas planted 27 mines and 41,000 punji stakes. On 9 March, guerrillas attacked Vietnamese soldiers at Kalum killing two and wounding three. On 10 March, two Vietnamese were killed and three others wounded when they stepped on mines.

#### SRV Battalion, Company Leaders Killed

BK180958 (Clandestine) Voice of Democratic Kampuchea in Cambodian 2330 GMT  
17 Mar 83

[Text] On the night of 6 March, our National Army and guerrillas raided a Vietnamese company position in Phum Krabei Prey, Oudong District, Kompong Speu Province. Immediately after entering the Vietnamese position, we

fired simultaneously at the Vietnamese soldiers, killing or wounding 59 of them. Among those killed were a battalion, a company and two platoon commanders. Among those seriously wounded were a regimental and a battalion commander. The survivors fled to Vat Phnum position. We destroyed a 60-mm mortar, 2 B-40's, a Goryunov, 14 AK's, a C-25 radio set and a telephone set. We also set ablaze four military barracks. Long live our valiant and courageous National Army, guerrillas and people in Oudong District of Kompong Speu Province.

#### Lao Front Guerrilla Actions

BK210255 (Clandestine) Voice of Democratic Kampuchea in Cambodian 2330 GMT  
20 Mar 83

[Text] Here is a battle report from Laos:

On 12 and 13 March [month as heard], guerrillas of the Lao National Liberation Front shelled the Vietnamese enemy's position at Kalum resulting in three dead and seven wounded; some of these being casualties suffered when they stepped on mines along the road.

On 14 and 15 March [month as heard], three Vietnamese soldiers were killed and four others wounded when they stepped on the guerrillas' mines and punji stakes near (Reou) and west of Kalum positions.

In sum, guerrillas of the Lao National Liberation Front put 17 Vietnamese soldiers out of action.

#### Activities of Lao Guerrillas

BK220951 (Clandestine) Voice of the National Army of Democratic Kampuchea in Cambodian 2230 GMT 21 Mar 83

[Text] On 13 March two Vietnamese aggressors died and six others were injured when they stepped on mines planted by the Lao National Liberation Front guerrillas on the (Pev)-Muang Moun road. On 14 March those going from Muang Mun to (Pev) stepped on mines; one was killed and another wounded. On the same day, the guerrillas planted 10 mines at the Kalum position and fired 60-mm mortar rounds into this position, killing an enemy soldier and wounding another. On 15 March the guerrillas planted mines west of Kalum. The Vietnamese aggressors suffered two killed and three wounded when they stepped on them.

In sum the Lao National Liberation Front guerrillas killed 6 enemy soldiers and wounded 11 others for a total of 17 enemy casualties.

### Activities in SRV Highlands

BK220730 (Clandestine) Voice of the National Army and Democratic Kampuchea  
in Cambodian 2230 GMT 21 Mar 83

[Text] The guerrilla activities of the people's struggle movement in Vietnam's central highlands against the Le Duan clique are as follows:

On the Kon Tum battlefield: On 7 January, the guerrillas attacked on the road from Quang Ngai to Kon Tum, killing two enemy soldiers and seizing an AK and 12 rounds of ammunition. On 12 January they attacked the (Mani Saelang) village plantation, killing one and seizing an AR-15 with 25 rounds. On 20 January, they attacked a point 500 meters from the (Plei Sal) village plantation, killing one.

On the Pleiku battlefield: On 3 January, they attacked a point 3 km from the (Plei O Lugrang) village plantation, killing two and seizing a wristwatch. On 11 January they attacked at (Plei Rong Tos) village, killing three and seizing an AK, 30 rounds of ammunition and a handgrenade. On 15 January, they attacked enemy soldiers as they were conducting an operation at the (Plei Grayat) village plantation, killing one, wounding another and seizing an AR-15, 15 rounds of ammunition and a wristwatch. On the same day, they attacked the (Plei Greng) village plantation, killing two, wounding one, seizing 2 AK's, 50 rounds of ammunition and a radio receiver set and destroying a military barracks. On 21 January, they attacked the enemy soldiers when they were conducting an operation at (Plei Krukhlus) village plantation, killing one and wounding three.

In sum, during those 8 days the guerrillas killed 13 enemy soldiers, wounded 5 others, seized 4 AK's, 2 AR-15's, a radio receiver set, 133 rounds of assorted ammunition and 2 wristwatches, and destroyed a military barracks.

### 2,000 Youths Join Lao Front

BK230635 (Clandestine) Voice of the National Army of Democratic Kampuchea  
in Cambodian 2230 GMT 22 Mar 83

[Text] According to reliable sources, in January 2,000 youths in Sikhottabong District who had fled from recruitment by the Vientiane puppet clique into the jungle joined in the struggle of the Lao National Liberation Front guerrillas.

At present, the Hanoi expansionists and the Vientiane puppets have become more fascist and cruel toward the Lao people and youths in all areas. The Lao people and youths who were unable to tolerate the cruel and barbarous acts of the puppet clique fled to join the guerrillas in order to attack the Le Duan clique and the Vientiane puppets more vigorously. They are rising up to wage all forms of struggle everywhere.



### Dega-Fulro Guerrillas' Activities

BK230916 (Clandestine) Voice of Democratic Kampuchea in Cambodian 2330 GMT  
22 Mar 83

[Combat activities of the Dega-Fulro guerrillas on the Ban Me Thuot and Dac Lac battlefields]

[Text] The Ban Me Thuot battlefields: The Dega-Fulro guerrillas 2-7 January ambushed Vietnamese Le Duan soldiers on the road leading from (Boun Ta Roeng) to (Ban Chu), on the road from (Ie Peich) to (Ban Ae) and in (Ie Mlai Mol Treung) plantation, killing four, wounding some others and seizing an AK, an SKS, 40 AK rounds and a wristwatch. On 7 and from 9-13 January, the Dega-Fulro guerrillas attacked Vietnamese Le Duan soldiers in the (Me Kak Reng) plantation, at (Puoc Tien Quang Duc), (Boun Kang) and (Boun Phu), killing four, wounding some others and seizing two AK's, an AR-15, 50 AR rounds and 4 AR-15 rounds. On 15 and 19 January, the Dega-Fulro guerrillas attacked Vietnamese Le Duan soldiers in (Rovieng Pak Huch) plantation, at (Chik Reh) and at (Chik Kroc) hill, killing three, wounding three and seizing a wristwatch.

In sum, on the Ban Me Thuot battlefield, the Dega-Fulro guerrillas killed or wounded 14 Vietnamese Le Duan soldiers.

The Dac Lac battlefield: The Dega-Fulro guerrillas 8-15 January attacked Vietnamese Le Duan soldiers at (Boun Djang Rong), on Dac Lac Hill and along (O Bek Ieng)-Dac Lac road, killing six and wounding three. From 20-29 January, the Dega-Fulro guerrillas attacked Vietnamese Le Duan soldiers at (Tiniang) plantation and on the road from (Ti Mrich Hung) to (Boun Ta Mal), killing two, wounding three and seizing two hand grenades.

In sum, on the Dac Lac battlefield, the Dega-Fulro guerrillas killed or wounded 14 Vietnamese Le Duan soldiers.

In sum, on these two battlefields, the Dega-Fulro guerrillas killed or wounded 28 Vietnamese Le Duan soldiers and seized 3 AK's, an AR-15, an SKS and a quantity of ammunition and materiel.

### Combat on Moug Battlefield

BK230940 (Clandestine) Voice of Democratic Kampuchea in Cambodian 2330 GMT  
22 Mar 83

[Text] On 15 March our National Army and guerrillas destroyed a portion of railroad tracks totalling 15 meters at Thnal Bat on Moug battlefield. Long live our valiant and courageous National Army, guerrillas and people on the Moug battlefield.

### Combat at Sisophon-Route 5

BK230938 (Clandestine) Voice of Democratic Kampuchea in Cambodian 2330 GMT  
22 Mar 83

[Text] From 13-17 March, our National Army and guerrillas ambushed a Vietnamese battalion near Toek Sap position, Sisophon-south of Route 5 battlefield. We killed 17 Vietnamese soldiers and wounded 22 others for a total of 39 enemy casualties. The survivors fled and hit our punji stakes. Some of them were wounded. We seized 12 gas masks and a quantity of war materiel and destroyed a B-40 and four AK's. Long live our valiant and courageous National Army, guerrillas and people on the Sisophon-south of Route 5 battlefield.

### 23 March Report

BK241135 (Clandestine) Voice of Democratic Kampuchea in Cambodian 2330 GMT  
23 Mar 83

[Text] On 13 March, a Soviet-made Antonov plane sprayed toxic chemicals over the Sisophon-south of Route 5 area, killing 5 inhabitants and injuring 36 others, including children.

This toxic substance was yellow and whitish. The symptoms were: First, the vomiting of blood, difficult urination and facial swelling, followed by death within a few hours if timely medical treatment is unavailable.

The Vietnamese-Soviet expansionists and aggressors are far more fascist and cruel than the Hitlerites of the past. Since they have become more deeply bogged down on the Kampuchean battlefield and have been unable to harm our army and guerrillas, they have turned to using toxic chemical weapons to kill our innocent Kampuchean people.

No matter how strongly the whole world has condemned them and demanded they withdraw their aggressors troops totally and unconditionally from Kampuchea, they have turned a deaf ear to this just and correct demand. Thus, the only way to solve this problem is for the whole world to pressure Vietnam to abide by the UN General Assembly resolutions by withdrawing all its aggressor troops immediately and unconditionally and respecting the Kampuchean people's right to solve their own problem without any outside interference. The spreading of chemical warfare into other countries can be prevented only after Vietnam withdraws all its aggressor troops from Kampuchea.

### Smashing SRV's Chemical Warfare

BK251414 (Clandestine) Voice of Democratic Kampuchea in Cambodian 2330 GMT  
24 Mar 83

[Text] On 9 March in Mongkolborei District of Battambang Province, our people, who were gathered by the Vietnamese aggressors from Phum Soeur and Phum Balot, to build a road in the area east of (Damrei Toat Sei) were

affected by toxic chemicals sprayed by the Vietnamese aggressors along the road and in ponds and streams. Five of them died instantly. While our people were carrying the victims along the road, three more died and eight others began to suffer severely. Many other people also began to be affected.

Due to their serious impasse on the military field at the end of the current dry season, the Vietnamese aggressors have intensified the use of toxic chemicals to kill our innocent Kampuchean people, both in the Democratic Kampuchean zone and in the zone temporarily under their control, most cruelly and fascistically. This clearly shows the cruel and fascist nature of the Vietnamese aggressors and attests to the fact that the war of aggression that the Vietnamese aggressors are waging in Kampuchea is really a war of genocide.

Therefore, in order to effectively smash this chemical and genocidal warfare of the Vietnamese aggressors, it is necessary for our Kampuchean people to:

1. Always heighten vigilance and take measures to timely check this chemical weapon in accordance with the advice given repeatedly by our Health Ministry;
2. Unite as one under the leadership of the Democratic Kampuchean Government and rise up and wage all forms of struggle against the Vietnamese aggressors everywhere until all of them are driven from our Kampuchean territory.

#### SRV Efforts to Cut Trees

BK251535 (Clandestine) Voice of Democratic Kampuchea in Cambodian 2330 GMT  
24 Mar 83

[News commentary: "In Siem Reap Province, the Vietnamese Enemy Is Forcibly Mobilizing Our People--Male, Female, Young and Old Alike--From the Age of 15 to 55 to Clear Bushes Along Both Sides of the 500-Meter Road Leading to Angkor Wat"]

[Text] At present, in the zone temporarily controlled by the Vietnamese enemy in Siem Reap District, Siem Reap Province, the Vietnamese enemy is increasing its efforts to forcibly mobilize our people--male, female, young and old alike--from the age of 15 to 55 to clear the two sides of the 500-meter road leading to Angkor Wat. By so doing, the Vietnamese aggressors have three objectives:

1. To provide security because they are afraid of attack by our guerrillas, who are launching activities in the Angkor area and even in Siem Reap town;
2. To destroy and cut down trees--the natural resources of our Kampuchean nation and people which beautify the scenery along the road from Siem Reap town to Angkor Wat and the area around the Angkor temples--so they can sell the valuable timber to their Soviet boss in exchange for ammunition and weaponry to carry on their war of aggression and genocide against our Kampuchean race;

3. To prevent our people in their controlled zone from having time to earn their living, thus further starving our people to death.

In the face of these Vietnamese criminal acts of oppression and exploitation against our Kampuchean nation and people, our people in Siem Reap District of Siem Reap Province, as all our people throughout the country, nurture great indignation at the Vietnamese aggressors. They pledge to further strengthen their unity, provide all kinds of support and assistance to our Democratic Kampuchean National Army and guerrillas and wage all forms of struggle in order to drive the Vietnamese Le Duan aggressors out of our Kampuchean territory. Only by driving all the Vietnamese aggressors out of our Kampuchean territory can our Kampuchean people again enjoy peace and happiness and resume work to earn their normal living.

#### 150 Executed From Phnom Penh

BK250740 (Clandestine) Voice of Democratic Kampuchea in Cambodian 2330 GMT  
24 Mar 83

[Text] On 12 March, the Vietnamese enemies moved 150 of our people who were imprisoned by them in Phnom Penh. They were transported on Route 7 and were executed in the eastern region.

The Vietnamese enemy aggressors are becoming more scared as they face the increasing attacks of our National Army and guerrillas. Our attacks are progressing with every day and month deep into areas temporarily controlled by the Vietnamese enemy aggressors, even in Phnom Penh. Therefore, they are becoming more savage and barbarous toward our innocent Kampuchean people, who are living in their temporarily controlled zones. But, the Vietnamese enemies can never escape from their shameful and final defeat.

#### Railroad Track cut in Kompong Chhnang

BK251453 (Clandestine) Voice of Democratic Kampuchea in Cambodian 2330 GMT  
24 Mar 83

[Text] On 18 March our National Army and guerrillas cut a 150-meter portion of railroad track between (Krang Lvea) and (Mnoul) stations, Kompong Chhnang Province. On the next day, Vietnamese soldiers came to inspect the track and walked on our landmines. Two of them were killed.

Long live our valiant and courageous National Army and guerrillas and people on the Kompong Chhnang battlefield.

#### Toxic Chemicals in Sisophon

BK261455 (Clandestine) Voice of Democratic Kampuchea in Cambodian 2330 GMT  
25 Mar 83

[Text] On 14 and 15 March 90 people in South Sisophon, Battambang Province were affected by poison sprayed by the Vietnamese enemy from airplanes. A number of other people were also affected. Throughout the 1982-1983 dry

season, the Vietnamese have tried everything: They have sent in more troops, more weapons and tanks and have amassed their troops in an attempt to attack the South Sisophon area and use this as psychological propaganda to serve their diplomatic maneuver and peddle their deceitful talks proposal on the international arena. However, they have been defeated and thwarted by our Democratic Kampuchean National Army and guerrillas on every occasion.

Defeated and unable to do anything to our army and guerrillas, the Vietnamese enemy aggressors have resorted to the most barbarous and cruel means by sending their planes to spray poison on villages and homes to indiscriminately exterminate innocent Kampuchean people. They are most savage and barbarous, but they are also most cowardly. Our entire Kampuchean people will not succumb to this most cruel, barbarous and cowardly act of the Hanoi Vietnamese enemy aggressors. All of us are determined to unite under the leadership of the government of Democratic Kampuchea to fight against the Vietnamese enemy aggressors and great murderers until winning total victory.

#### Use of CBW in Sisophon Area

BK270528 (Clandestine) Voice of Democratic Kampuchea in Cambodian 2330 GMT  
26 Mar 83

[Text] Currently, in the Sisophon-south of Route 5 area in Battambang Province, the Vietnamese enemy sends its agents to secretly spray and spread poisons in Anlung Thmar and (Buo Tralach Sva) in advance and then drafts people to build roads in these areas. During their work at these sites, hundreds of our people were poisoned and many others are still being affected.

This has greatly angered our people who protested, stopped working and gradually fled back to their homes. During the fifth dry season, the Vietnamese enemy aggressors are being defeated and encountering more and more difficulties in every field. This makes them more and more irritated and they think of nothing else but intensifying their indiscriminate killing of our Kampuchean people by every means. In particular, they have increased the use of poison sprayed from airplanes and contained in artillery and mortar shells, and have sent their secret agents to poison pools and water tanks in the forests and along roads to kill as many of our people as possible and thereby quickly achieve their goal of exterminating the Kampuchean race.

Therefore, when travelling in an area which may have been poisoned, using water, and collecting wild vegetables and fruits, our people and youths and National Army and guerrillas must at all times heighten their vigilance against the Vietnamese trick of using poisons and guard their residences, wells, water jars, etc. The most effective measure is to unite with our National Army and guerrillas to fight more vigorously against the Vietnamese enemy aggressors everywhere in order to push them out of our Kampuchean territory and definitively end the great suffering and hardship of all kinds which these barbarous and cruel Vietnamese enemy aggressors have been and are spreading everywhere.

### Railway Cut in Kompong Chhnang

BK270509 (Clandestine) Voice of Democratic Kampuchea in Cambodian 2330 GMT  
26 Mar 83

[Text] On 11 March our National Army and guerrillas cut railroad track at three places with a total length of 90 meters at (Vieng Te), north of Tbaeng Khpoah station in Kompong Chhnang battlefield.

Long live our valiant and courageous army, guerrillas and people in the Kompong Chhnang battlefield.

### Guerrillas Liberate Four Positions

BK270534 (Clandestine) Voice of Democratic Kampuchea in Cambodian 2330 GMT  
26 Mar 83

[Text] Following attacks by our National Army and guerrillas, using networks of punji pitfalls, punji stakes, numerous mines everywhere, the cutting of transport lines and shelling of enemy trenches, which greatly reduced their fighting force, on 13 March, the Vietnamese enemy was forced to withdraw and flee from four positions--two platoon positions in (Thnal Bat) and (Praval) villages, and two company positions in (Tatok) and (Anlung Vea) villages--in Sot Nikom District, Siem Reap Province. We liberated and completely controlled these four positions.

Long live our valiant and courageous National Army, guerrillas and people in the Sot Nikom District.

### Railroad Cut in Kompong Speu

BK280451 (Clandestine) Voice of Democratic Kampuchea in Cambodian 2330 GMT  
27 Mar 83

[Text] Our National Army and guerrillas cut off the railroad at 12 points for a total length of 300 meters at Krapeu Pong east of the Roluos station, Kompong Speu, on 18 March. On the following day, the Vietnamese aggressors coming to inspect the damage stepped on our mines, suffering two deaths.

Long live our valiant National Army, guerrillas and people of the Kompong Speu battlefield.

### Attack on SRV Position 10-15 March

BK290910 (Clandestine) Voice of Democratic Kampuchea in Cambodian 2330 GMT  
28 Mar 83

[Text] Under the cover of mortar fire, from 10-15 March our National Army and guerrillas attacked a Vietnamese battalion position at Bor Tangsu on the Route 10-Pailin battlefield. We killed six Vietnamese soldiers and wounded seven others for a total of 13 enemy casualties. The survivors fled

from this position. We destroyed various trenches and fences which were parts of the Vietnamese defense line. We seized two gas masks and a quantity of war materiel. We liberated and took control of this position.

Long live our valiant and courageous National Army, guerrillas and people on the Route 10-Pailin battlefield.

#### Lao Guerrilla Activities

BK300958 (Clandestine) Voice of Democratic Kampuchea in Cambodian 2330 GMT  
29 Mar 83

[Text] Here is a battle report from Laos: On 10 March the Vietnamese enemy soldiers stepped on mines and punji stakes of the Lao National Front Liberation [LNLF] guerrillas between (Trapeang Kakaoh) and (Pev) and suffered five dead and six wounded. On 19 March, the guerrillas intercepted the Vietnamese enemy between (Kakaoh) village and (Pev) and killed three and wounded six others. Another one was killed and one more was wounded when they stepped on mines and punji stakes. On 20 March, the guerrillas attacked the Vietnamese at (Lpeou) River, at (Preal) position and along (Moung Moung) Road killing six and wounding nine Vietnamese soldiers; three trenches were also destroyed. On the same day, a Vietnamese soldier was killed and another one was wounded when they stepped on the guerrillas' mines near (O Pak). On 22 March, three Vietnamese soldiers were killed and seven others were wounded when they stepped on guerrillas' mines and punji stakes near (Preal) position and were attacked near (Kalum) position.

In sum, the LNLF guerrillas killed or wounded 49 Vietnamese soldiers.

#### Battle in Siem Reap

BK300730 (Clandestine) Voice of Democratic Kampuchea in Cambodian 2330 GMT  
29 Mar 83

[Text] On 20 March, the Vietnamese enemies gathered all their forces amounting to almost two battalions, accompanied by artillery and many tanks, to attempt to recapture from us (Trapeang Svay), (Trapeang Tung), (Rohal) and (Peam) villages in Siem Reap District. After a full day's battle, we killed 12 Vietnamese soldiers and wounded 13 others for a total of 25 casualties, while the remaining soldiers fled. We seized 3,000 rounds of AK ammunition, 13 knapsacks, a radio receiver, a map and various materiel.

Long live our valiant and courageous National Army, guerrillas and people of Siem Reap District in the Siem Reap-Route 6 battlefield.

#### SRV Round Up Youths in Battambang

BK310415 (Clandestine) Voice of Democratic Kampuchea in Cambodian 2330 GMT  
30 Mar 83

[Text] Recently, in Battambang Province, the Vietnamese enemy aggressors openly ordered their soldiers to round up our people and youths and forced

them to join the army to die at their place. They also allowed their troops to molest and rape our girls as they wish.

This is the true nature of cruelty, barbarism and suppression of the Vietnamese enemy aggressors against our innocent people in present-day Kampuchea.

#### Khmer Soldiers' Ambush SRV Troops

BK020428 (Clandestine) Voice of the National Army of Democratic Kampuchea in Cambodian 2230 GMT 31 Mar 83

[Text] On 6 March in Ang Snuol District, Kandal Province, 30 Vietnamese soldiers set out from (Krang Chek) position to (Phneay) village to steal our people's property in this area. They were ambushed by Khmer soldiers north of (Vat Phnum) who killed or wounded some of them; the remainder fled.

This event clearly shows that the Khmer Soldiers' resistance movement against the Vietnamese enemy is spreading throughout the country and causing confusion and setbacks for the Vietnamese enemy, who is heading for final defeat.

#### Son Sann Criticizes SRV Attack

BK011211 Hong Kong AFP in English 1148 GMT 1 Apr 83

[Text] Kuala Lumpur, 1 Apr (AFP)--Son Sann, premier of Cambodia's anti-Hanoi resistance coalition, today lashed out at the current Vietnamese military assault on what he called Cambodian civilian positions along the Thai-Cambodian border.

Addressing a news conference at the end of 2 days of talks with Malaysian leaders on developments in the region, he said: "I strongly condemn the shelling on civilian populations by well armed Vietnamese forces."

Son Sann, who arrived here yesterday for a 3-day visit, said the latest assault by Vietnamese tanks and artillery on the Khmer Rouge camp of Phnom Chat was "one more crime against humanity committed by Vietnam."

He appealed to world leaders "to condemn the Vietnamese attack" in the strongest possible terms" and mobilise efforts to compel Vietnam to withdraw its forces from Cambodia and accept United Nations resolutions for a political settlement. [Quotation marks as received]

He conferred with Malaysian Prime Minister Dr Mahathir Mohamad, his Deputy Datuk Musa Hitam and Foreign Minister Tan Sri Ghazali Shafie on Cambodia in the on-going Vietnamese offensive against Khmer Rouge positions along the Thai-Cambodian border.

The Khmer Rouge and Son Sann's Khmer People's National Liberation Front are members of the anti-Hanoi tripartite Democratic Kampuchea coalition headed by Prince Norodom Sihanouk.



Son Sann is accompanied here by General Sak Sutsakhan, president of the Provisional Committee for the KPNLF Armed Forces General Staff, General Dien Del and KPNLF Executive Committee delegate for military affairs Dr Abdul Gaffar.

Son Sann, who is leaving for a 1-day visit to Singapore tomorrow, said that the purpose of his trip was to thank Malaysia and Singapore for their political support and humanitarian aid to Democratic Kampuchea in its bid to end Vietnamese military occupation.

He stressed that he was not seeking any military aid from either Malaysia or Singapore, as his faction was getting enough aid from China.

However, he added, that Malaysia had promised continued political support in international forums and further humanitarian aid. He did not elaborate.

Earlier briefing newsmen after Mr Son Sann's talks with Dr Mahathir, the secretary-general of the Malaysian Foreign Ministry Tan Sri Zakaria Ali said Malaysia had assured Democratic Kampuchea of continued support in its liberation struggle.

The Malaysian Government has also pledged to step up its efforts in international forums for a speedy Cambodian settlement, he added.

Son Sann told Malaysian leaders that anti-Vietnamese resistance forces were gaining strength and that their morale was high.

He also briefed Dr Mahathir on activities of the Sihanouk-led coalition government, which has so far held two meetings since its formation last July.

#### Further SRV Attacks 'Imminent'

BK011333 Kuala Lumpur Domestic Service in English 1130 GMT 1 Apr 83

[Text] More than 90,000 Kampuchean civilians will be made homeless if Vietnamese forces attack the two civilian settlements at Ban Sa-ngae and Nong Samet in the Aranyaprathet Province [as heard]. Two divisions comprising 6,000 Vietnamese soldiers have taken up position in these areas. The visiting prime minister of Democratic Kampuchea, Mr Son Sann, told newsmen in Kuala Lumpur that the attack is imminent. He reiterates that such an attack on civilian centers constitutes a crime against humanity. The international community must realize the danger Kampuchean civilians are in.

Mr Son Sann calls for efforts to be stepped up in finding a political solution to the issue. He also adds that he has requested for some form of humanitarian aid from Malaysia. He says that Indonesia has sent some medical supplies. China has also promised military aid. Asked whether Democratic Kampuchea will consent to the exploratory meeting between ASEAN, Vietnam and Laos leaders, Mr Son Sann says such efforts must be within the framework of the international conference on Kampuchea and the UN resolutions.

Touching on the government of Democratic Kampuchea itself, the premier says that it is going to go on [as heard] strong and all three parties have agreed to wage an all-out struggle to liberate Kampuchea.

#### SRV Intrusion Into Thailand

BK020357 (Clandestine) Voice of the National Army of Democratic Kampuchea  
2230 GMT 1 Apr 83

[Text] On 30 March [as heard] a unit of the Vietnamese aggressor soldiers in Kampuchea intruded into Thai territory and lobbed many artillery shells into Aranyaprathet Province of Thailand, which adjoins the Kampuchean border. However, the Vietnamese aggressor soldiers were pushed back by the Thai border defense guards.

Since the Le Duan clique began carrying out its strategic and expansionist policy against Kampuchea and Laos, and to threaten Thailand, Thailand has gravely and successively suffered at the hands of the Vietnamese aggressor troops. Thailand and the ASEAN countries, as have the overwhelming majority of UN member countries, have unanimously agreed that Vietnam must be pressured to abide by and implement the UN General Assembly resolutions and those of the international conference on Kampuchea in order to stop the spread of war in Southeast Asia and the Asia-Pacific area.

#### Successes in MOUNG-KOAH KRALAR

BK020438 (Clandestine) Voice of Democratic Kampuchea in Cambodian 2330 GMT  
1 Apr 83

[Text] On 30 and 31 March our army in the MOUNG-KOAH KRALAR battlefield swept the Vietnamese enemy, who were situated along the railroad track from west of MOUNG MARKET to (TA PHDE), out of nine positions, including platoon and company positions. Also, along Route 5 from west of MOUNG MARKET to the road leading to (TA PHDE) and on Route 57, we swept the Vietnamese enemy out of three positions, including company and platoon positions. We seized 60 AK rifles, 2 82-mm mortars, 2 12.7-mm machineguns and a lot of other equipment. We killed a number of Vietnamese soldiers.

In sum, on 30 and 31 March we swept the Vietnamese out and controlled 20-km stretches of railroad track and of Route 5 between west of MOUNG MARKET and (TA PHDE), and we are still continuing to attack and push the Vietnamese enemy out.

#### MOUNG-ROUTE 5 Battlefield Results

BK030700 (Clandestine) Voice of Democratic Kampuchea in Cambodian 2330 GMT  
2 Apr 83

[Text] Following our sweeping operations on 30 and 31 March along the railroad track from west of MOUNG MARKET to (TA PHDE) and along Route 5 from west of MOUNG MARKET to the junction of Route 57 and Route 5 leading to (TA PHDE), our army continued to attack the Vietnamese enemy on 1 April.

1. Along the railroad track, we continued to push the Vietnamese out from (Ta Phde) toward the west to (Svay Teap), a stretch of 8 km.

2. Along Route 5, we continued to push the Vietnamese from the junction of Route 57 and Route 5 leading to (Ta Phde) toward the west to (Os Tuk) village, a stretch of 8 km.

In sum, from 30 March to 1 April we have swept clean and gained control of 28 km of railroad track between west of MOUNG MARKET to (Svay Teap), and 28 km of Route 5 from west of MOUNG MARKET to near (Os Tuk) village.

Long live our valiant and courageous National Army, guerrillas and people of the MOUNG-Route 5 battlefield.

#### MOUNG-Route 5 Battlefield Successes

BK030340 (Clandestine) Voice of the National Army of Democratic Kampuchea in Cambodian 2230 GMT 2 Apr 83

["Further Report From the MOUNG-Route 5 Battlefield"]

[Text] 1. On the western front, in the sector from (Ta Phde) to the west along the railroad track, we have continued to sweep out and control the area from (Svay Teap) to (Reang Kasei), a stretch of about 2 km. Along Route 5, we have continued our progress westward for about another 2 km. In the sector of (Ta Phde) westward along the railroad track to (Reang Kasei) and from the junction of Route 57 and Route 5 to the west of (Os Tuk) village along Route 5, preliminary results show that we killed 35 Vietnamese soldiers, wounded 35 others and seized 11 AK's, 1 B-41, 2 CK's, 6 AR-15's, 1 machinegun, 10,000 rounds of AK ammunition, 40 B-40 rockets, 30 B-41 rockets, 1,000 rounds of (?CD) ammunition, and 2,000 sacks of rice. We also destroyed 10 AK's, a 12.8-mm gun, 2 60-mm mortars, 5 km of railroad track, drainage pipes at 30 places, a 10-meter bridge along Route 5 near (Kun Thlung) village, 20 military structures and 20 trenches. We also liberated 10 villages: (Ra), (Kantuot), (Phsa Thum), (Cheung Penh), (Ta Phok), (Tuol M'tes), (Chai Balang), (Kouk Poun), (Svay Teap) and (Reap). In addition, we seized a large quantity of other materiel.

2. On the eastern front, in the sector of (Ta Phde) eastward to the west of MOUNG MARKET along the railroad track and Route 5, and from the junction of Route 5 and Route 57 eastward until west of MOUNG MARKET, we killed 40 Vietnamese soldiers on the spot and wounded 62 others. We also seized 10 AK's, a machinegun, 44 CK's and CKC's, 2 82-mm mortars, 2 12.8-mm guns, 8 B-41 rocket launchers, 2 pistols, 80 82-mm mortar shells, 20 boxes of 12.7-mm [number as heard] ammunition, 8 boxes of AK ammunition, 2 Soviet [words indistinct], 100 loaders for AK's, CK's and machineguns, 8 AK cartridge pouches, 30 CK cartridge pouches, 50 rucksacks and 4 telephones. We also cut 2,000 meters of telephone line and seized 2 maps, 6 sacks of rice, 20 canteens, 20 belts, 80 helmets and berets and 40 pairs of bata [rubber-soled] shoes. We destroyed 6 AK's, 4 machineguns, 2 60-mm mortars, 7 B-40 and B-41 rocket launchers, 21 military shelters, 300 trenches, and we cut

20 km of railroad track, 60 meters of iron railroad bridge at two places, 35 meters of concrete railroad bridge, 25 meters of the bridge along Route 5 at two places and 35 meters of drainage pipes along the railroad track. We destroyed a Vietnamese battalion position, two company positions, four platoon positions and six squad [krom] positions. We also destroyed 3 telephones, a C-25 field radio, 7,000 meters of telephone line and 2 warehouses.

In sum, by 2 April we had swept clean and controlled 30 km of railroad track and 30 km of Route 5.

#### Position Liberated in Samlot

BK030546 (Clandestine) Voice of Democratic Kampuchea in Cambodian 2330 GMT  
2 Apr 83

[Text] On 27 March our National Army and guerrillas attacked the Vietnamese platoon position in (Sre Chiko) village on the Samlot battlefield. We killed 7 Vietnamese soldiers, including a platoon commander, and wounded 12 others. The remainder fled from the position and stepped on our mines and punji stakes: Five more were killed, bringing the total to 24 casualties. We seized a 60-mm mortar, an RPD, 2 AK's, 15 handgrenades, 3 gas masks and a quantity of materiel. We completely controlled and liberated this platoon position.

Long live our valiant and courageous National Army, guerrillas and people of the Samlot battlefield.

#### Position Liberated in South Sisophon

BK030517 (Clandestine) Voice of Democratic Kampuchea in Cambodian 2330 GMT  
2 Apr 83

[Text] Following repeated attacks by our National Army and guerrillas in the form of cutting their transport and communications lines and encircling them with networks of mines and punji stakes, on 29 March our forces finally and successfully liberated a Vietnamese platoon position south of (Kaoh Chen) on the South Sisophon battlefield. We killed eight Vietnamese soldiers and destroyed a B-40 rocket launcher, seven AK's, two military shelters, an ammunition depot and a quantity of materiel. We completely liberated and controlled this position.

Long live our valiant and courageous National Army, guerrillas and people of the South Sisophon battlefield.

#### Position Liberated in Siem Reap

BK030750 (Clandestine) Voice of Democratic Kampuchea in Cambodian 2330 GMT  
2 Apr 83

[Text] On 26 March our National Army and guerrillas attacked a Vietnamese platoon position at (Sambo) commune, Kralanh District, Siem Reap Province.

We killed a number of Vietnamese soldiers and destroyed six military shelters and a security center; the remaining soldiers fled the position.

On the same day, the Vietnamese soldiers at (Tonleap) position attempted to rescue their comrades. One of them was killed and another was wounded when they stepped on our mines and were attacked by our guerrillas. We liberated and gained complete control of this platoon position.

Long live our valiant and courageous National Army, guerrillas and people in Kralanh District, Siem Reap Province.

#### SRV Forces 'Disintegrating'

BK041202 (Clandestine) Voice of the National Army of Democratic Kampuchea in Cambodian 2230 GMT 3 Apr 83

[Text] According to a still incomplete report from the western Leach battlefield, on 2 April, at 0700, we started our offensive on a series of Vietnamese positions until 1700 when we entered and took over all of them. At 0300, the resisting Vietnamese aggressors started to collapse. We liberated 31 positions: 3 regiment positions at Thmar Da, Chamka Ruom and Thnal Bat; 9 battalion positions; 9 company positions; and 10 platoon positions. We destroyed 572 trenches, 600 military shelters, 9 ammunition and rice depots--the ammunition depot burnt through the whole night.

On 3 April, at 0900, we continued to sweep the Vietnamese enemy eastward from Thmar Da and are putting pressure on (Paet Sep) and (Anlung Reap). At 0930 the Vietnamese resistance collapsed. We liberated 8 positions--3 battalion positions and 5 company positions--burnt down an ammunition depot and destroyed 150 trenches and 38 barracks.

In sum:

1. We swept the Vietnamese enemy completely away from the Me Toek River.
2. We swept the Vietnamese enemy completely out of the sector east of Me Toek River--a stretch of about 20 km.
3. The brigade [Kang Pol] 339--considered by the Vietnamese enemy as Hanoi's elite--is disintegrating while two regiments of the 7th brigade and a regiment of the 9th brigade, and the independent 16th regiment are also collapsing.

#### Counterattack on SRV Regiment

BK040352 (Clandestine) Voice of the National Army of Democratic Kampuchea in Cambodian 2230 GMT 3 Apr 83

["Additional Report on the Moung-Route 5 Battlefield, Western Front"]

[Text] On 2 April, a regiment of Vietnamese aggressors surrounded and attacked us at Svay Cheat in an attempt to recapture the stretch of railroad

there from us. Our army counterattacked and dispersed them in all directions. We killed 25 Vietnamese soldiers on the spot--including a battalion commander, 2 company commanders and 4 platoon leaders--and wounded 16 others. We seized a B-41, 4 AK's, 2 AR-15's, an SKS rifle, a 7-mm gun, 1,000 rounds of AK ammunition, 3 B-41 rockets, 2 handgrenades, 100 [word indistinct], 30 helmets and caps, 25 rucksacks, 20 pairs of shoes and a large quantity of war materiel. We destroyed 2 B-40's, 2 B-41's, a 12.7-mm machinegun, 10 AK's, a 60-mm mortar, a DK-75 gun, 3 pistols, a rice husking machine, a cloth warehouse, a power tiller and an ammunition depot.

#### Western Leach Combat Statistics

BK051003 (Clandestine) Voice of the National Army of Democratic Kampuchea in Cambodian 2230 GMT 4 Apr 83

[Text] According to the initial report on the outcome of the battle in the western Leach battlefield, from 2-4 April, in the area stretching from the Chamka Ruom position to Thmar Da position, we killed 38 enemy soldiers and wounded 46 others for a total of 81 enemy casualties. We seized 104 crates of AK ammunition, 350 B-40 rockets, 772 B-41 rockets, 1,070 60-mm mortar shells, 892 82-mm mortar shells, 153 120-mm shells, 407 DK-82 shells, 100 107-mm shells, 1,700 telephone cables, 75 pairs of bata shoes, 52 pairs of moulded shoes, 150 canteens, 170 knives, 52 axes, 76 pots and a quantity of medicine. We destroyed a 12.7-mm machinegun, a 120-mm gun, two M-30's, six B-40's and a quantity of materiel. At 1600 on 3 April, we ambushed the survivors who fled eastward. We captured 3 trucks with 10 barrels of fuel oil.

#### Siem Reap Village Liberated

BK060742 (Clandestine) Voice of Democratic Kampuchea in Cambodian 2330 GMT 5 Apr 83

[Text] After we besieged it with our mine and punji system, cut off its communication and transportation lines and regularly killed Vietnamese soldiers, on 1 April a Vietnamese company stationed in Trach village, Sot Nikom District, Siem Reap Province, was forced to withdraw from its position. We completely liberated and controlled the position and the village.

Long live our valiant National Army, guerrillas and people of Sot Nikom District, Siem Reap Province.

#### Son Sann's Appeal to UN

BK061348 (Clandestine) Voice of Democratic Kampuchea in Cambodian 2330 GMT 5 Apr 83

[Text] According to news sources in Singapore, on 3 April Son Sann, prime minister of the Coalition Government of Democratic Kampuchea, appealed to the United Nations and Western countries, particularly the European Parliament, to pressure Vietnam to end its war of aggression in Kampuchea and withdraw all its aggressive troops from this country. He stressed that the tripartite forces of the Coalition Government of Democratic Kampuchea are determined to continue the struggle against the Vietnamese aggressors and to continue their coordinated actions.

CSO: 4212/30

## BRIEFS

PREM REAFFIRMS ASEAN POSITION--On 24 March the foreign ministers of ASEAN countries and those of the European Community [as heard] met in Bangkok to discuss economic and political issues, including the Kampuchean question. During the opening session, Thai Prime Minister Prem Tinsulanon and Foreign Minister Sitthi Sawetsila reaffirmed the position of Thailand and the ASEAN countries, saying that Thailand and ASEAN firmly and resolutely adhere to the settlement of the Kampuchean issue through the UN resolutions, are vigorously prepared to withstand all outside threats and appeal to the European Community to continue bringing greater pressure to bear on Vietnam by refraining from giving assistance to Vietnam before it has withdrawn from Kampuchea. [Text] [BK281001 (Clandestine) Voice of the National Army of Democratic Kampuchea in Cambodian 2230 GMT 27 Mar 83]

JOINT STATEMENT CONDEMNS SRV--On 25 March the fourth conference between ASEAN and the European Community [as heard] issued a joint statement condemning Vietnam for its aggression against Kampuchea and the Soviet Union for its aggression against Afghanistan. It also announced their decision to continue the suspension of any kind of assistance to Vietnam if Vietnam does not cease its aggression against Kampuchea and voiced support for the UN General Assembly resolutions on the settlement of the Kampuchean issue. [Text] [BK281007 (Clandestine) Voice of the National Army of Democratic Kampuchea in Cambodian 2230 GMT 27 Mar 83]

HA VAN LAU TALKS IN TOKYO--On 28 March, when Ha Van Lau, Vietnamese deputy foreign minister, was in Tokyo to beg for Japanese economic aid, Japanese Deputy Foreign Minister Nobuo Matsunaga told him that Japan cannot reestablish economic relations and cooperation with Vietnam unless the Vietnamese withdraw all their troops from Kampuchea and respect the Kampuchean people's right for self-determination. The Japanese deputy foreign minister stressed to Ha Van Lau that the Vietnamese aggression in Kampuchea is a violation of the basic principle of the UN Charter. Therefore, the Hanoi Vietnamese must pull out all their troops from Kampuchea. [Text] [BK310409 (Clandestine) Voice of Democratic Kampuchea in Cambodian 2330 GMT 30 Mar 83]

ASEAN-EEC JOINT DECLARATION--On 25 March the foreign ministers from the ASEAN and European Economic Community countries issued a statement following their 2-day conference in Bangkok reiterating their support for the resolutions of the UN General Assembly and the international conference

on Kampuchea demanding that Vietnam withdraw all of its aggressive forces from Kampuchea and respect the Kampuchean people's right to decide their own destiny and Kampuchea's neutral and nonaligned status. The statement said: The Vietnamese aggression against Kampuchea violates the principles of the UN Charter and international law and threatens peace and stability in Southeast Asia. The foreign ministers of the ASEAN and EEC countries were unanimous that no assistance should be given to Vietnam of such a nature as to sustain and enhance the Vietnamese occupation of Kampuchea. The statement also noted that the Coalition Government of Democratic Kampuchea is supported and recognized by the overwhelming majority of countries in the 37th UN General Assembly session. The foreign ministers also condemned the crimes of the Hanoi Vietnamese enemy aggressors who recently sent their troops and tanks to attack and destroy the Nong Chan refugees camp, and noted that this attack violated the principles of humanitarianism and the UN Charter. [Text] [BK280505 (Clandestine) Voice of Democratic Kampuchea in Cambodian 2330 GMT 27 Mar 83]

CSO: 4212/30



SANCTIONS FOR CULTURAL TROUPE VIOLATIONS REPORTED

Vientiane VIENTIANE MAI in Lao 12,14 Feb 83

["Conversation with the Editor" Column: "Amateur Cultural Troupes"]

[12 Feb 83 p 3]

[Text] [Question] Dear VIENTIANE MAI editor: A few days ago I discussed something concerning cultural controls. It talked about different regulations, but it was not clear to me. I still have some questions about it. e.g., the registration of troupes and performances by different cultural troupes. How can we carry out the regulations, and what will happen if we do not follow them (for those who are stubborn)?

There have been some groups performing shows without having been cleared by any organization; they do as they please and they never listen to anyone. I hope you can explain it to me clearly. Thank you. Veun.

[Answer] Dear Veun: Lately VIENTIANE MAI has been talking a great deal about cultural controls on troupes. [Several] times we searched for the regulations after they were announced in order to reprint them so that anyone who is involved in this matter will be aware of and make use of them.

Actually we have recently discussed the amateur cultural troupe matter you have asked about. We printed the circular, etc., to inform [people] almost every day. However, this is a difficult matter for those who have not yet understood it. Therefore, we would like to briefly discuss your questions again as follows.

A. Registration for amateur cultural troupes

Regulation No 3 on troupe controls said that all amateur cultural troupes must complete their registration before 15 February 1983. No troupe is allowed to perform without registering, or else it is illegal. This means all amateur cultural troupes, no matter whether they are under the government in ministries, departments, enterprises, in the private sector or production bases, must register no later than 15 February 1983. If they have not yet registered or have not yet gotten registration papers they are absolutely not allowed to perform.

## B. Traveling around to perform

Item 8 of the regulations said that when singing or performing in each place each individual trouper's name must be reported and the paper requesting permission along with the program of the show must be reported.

[14 Feb 83]

[Text] This item specifies that any cultural troupes with correct registration must first ask for permission, and present a program of the show and the names of the troupers to the committee responsible for it before performing in any fairs or production bases for domestic or foreign guests, or for personal service regarding any relatives, etc. Otherwise they will be considered as violating the regulations.

Item 9. On each performance in each place the troupers must cooperate with the inspection committee, the public security service and the district and village cultural services which inspect their registration and permit. Absolutely no cultural troupes are allowed to refuse or disobey, or [to get away by] simply claiming they are people in such and such ministry.

"This item points out that any cultural troupes that perform anywhere in bases must cooperate and make it easy for all administrative committees in inspection and controls. Absolutely no troupers are allowed to disobey or claim that they got permission from such and such ministry or such and such place except the control and inspection committees which are appointed by the Ministry of Culture. If it is in Vientiane Capital it must be done by the Vientiane Cultural Service."

C. What would be done to those who violate the regulations? Item 14 of the regulations says the following:

If the cultural troupes have [weaknesses] and do not follow or ignore the regulations and organizations mentioned, the collective guidance committee will take the following appropriate measures.

First: warn and teach and write a list of [weaknesses] and report to the organization responsible for the troupe.

Second: forbid troupes to perform elsewhere for 2 months.

Third: ban the show inside and outside the [area] for 3 months. And last would be to turn the musical instruments in to the collective guidance committee (for special cases of serious violation against the party political policies). [Ignoring] the collective guidance committee a first, second, or third time is considered mocking it or indirectly propagandizing for the enemies. Thus, these regulations will be carried out most strictly.

Dear Veun, what we have discussed above has been part of the regulations which we cannot print in their entirety. However, we believe all amateur cultural troupes in Vientiane Capital have acknowledged them because the

Vientiane Capital cultural service has widely publicized them. We hope these regulations will meet with good cooperation from all the sections involved. For more details please contact the Vientiane Capital cultural service. Thank you.

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CSO: 4206/62

REGULATIONS ON MOONLIGHTING CULTURAL TROUPES EXPLAINED

Vientiane VIENTIANE MAI in Lao 16, 17 Feb 83

["Conversation with the Editor" Column: "What Can We Do When We Have Our Own Musical Instruments?"]

[16 Feb 83 p 2 ]

[Text] [Question] Dear Editor: I have read the circular concerning regulations on cultural controls, especially the problem of amateur cultural troupe controls. I understand it fairly well; however, I still have a question. I have my own musical instrument and I used to entertain the masses. But now I have found in the circular that there is a ban on organizing private music. I am interested in knowing whether I can set up a band of my own as I did before, and how it is possible to do so. Please ask the section involved for me. I will be waiting for the answer and willing to follow all the applicable regulations.

I wish you and your VIENTIANE MAI cadres good health. From one who has a musical instrument.

[Answer] Dear person with a musical instrument: VIENTIANE MAI has already last week informed the masses about the circular of the Ministry of Culture, especially the regulations on cultural controls for Vientiane Capital. Now, VIENTIANE MAI would like to discuss the regulations concerning troupe controls some more so that you and other comrades who have questions concerning this problem will be able to grasp the contents of this regulation and then carry it out correctly, to create the order and correctness appropriate to the policy of our party and government, and also to make it real for the masses.

The first phrase of regulation No 3 in the amateur troupe control plan said that a private person or family which has musical instruments or a private Lao folksinging troupe whether they are cadres, held government office, or are merchants, anyone who used these instruments and skills to earn revenue for himself (this means to engage in cultural trade outside the organization), are absolutely not allowed to set up and travel around to perform on their own for gain. However, those who want to do this must report to the local administrative committee, fill out the form requesting permission from the Vientiane Capital propaganda and cultural training section. (Absolutely no one is allowed to travel around and perform before they have been approved and inspected.)

[17 Feb 83 pp 2,4]

[Text] Dear comrade who has a musical instrument: The above regulation clearly explains that anyone who has musical instruments of his own whether is is a cadre in a government office or in the private sector has the right to organize such entertainment; however, it must be correctly carried out according to the regulations in effect. For example, he must prepare a document and report it to the local administrative committee in his own area, then pass it up to the Vientiane Capital propaganda and cultural section in order first to ask permission correctly from the cultural control and inspection committee, and then he will have the right to travel around to perform. He is absolutely not allowed to travel either with his musical instruments or his troupe and perform before he has been approved by the cultural section or the cultural control and inspection committee. Anyone who violates this regulation will have to face all of the consequences set in the regulation.

You, comrade, might question who will inspect you when you bring your musical instruments to perform without permission, because in the past no one was involved with this. In this matter I want to tell you that there already are inspectors, and from 15 February 1983 on, the control and inspection committee will be doing their work in this matter. As for cooperation with the local administrative committee, such as the district cultural service and the local public security authorities, they all have the right to inspect all cultural troupes that travel around in different population bases.

Speaking about this matter, VIENTIANE MAI wants to repeat some of the regulations concerning official registration of amateur cultural troupe controls throughout Vientiane Capital. This includes ministries, departments, companies, factories, schools, hotels, stores, administrative authorities either military or police, and people who have hand or who do folk singing, singing and dancing. Any amateur cultural troupes not registered must rush to register during the office hours at the Vientiane Capital cultural section, or else that troupe or band has no right to travel around and perform. If they are found out, that band or that folk singing group will be considered as violating the regulations.

Finally, VIENTIANE MAI would like to print the views of Comrade Souban Souvannavong, committee chairman of the cultural inspection and control committee, Ministry of Culture, and also for Vientiane Province and Vientiane Capital, that on behalf of the cultural inspection and control committee he asks all amateur cultural troupes either in the government or private sectors to cooperate with the committee, especially to perform strictly and correctly according to the regulations. Meanwhile, he asks the local administrative committee, e.g., the district cultural service and public security authorities, to cooperate closely with the cultural section in order to follow up attentively and to inspect and keep in close contact with all amateur cultural troupes that perform in their own locality. After receiving permission from the guidance, control and inspection committee, they should report to the Vientiane Capital cultural committee immediately so that

together they can carry out the regulations and controls making them productive and effective. This is one thing that Comrade Souban Souvannavong has asked through our newspaper column. We hope that all work sections will cooperate well with this committee. Thank you.

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CSO: 4206/62

## SEGMENT OF ROUTE 9 CONSTRUCTION, UNEXPLODED ORDINANCE NOTED

Vientiane SIANG PASASON in Lao 14 Feb 83 p 2

[Article by Phongthachit Savatdiphon: "That Day on Route 9" ]

[Text] The day was 10 January 1983. The sun was hot in the evening when we arrived at the office of irrigation construction company No 2. When the company committee along with technicians who were working in the office saw a strange car drive in they came out to shake hands and welcome us in a friendly manner. At this time the office was quiet as though no one was there. At 6 pm when it was almost dark all the bulldozers, scrapers, cranes and dump trucks made a lot of noise and drove one after the other toward the office in the midst of loud singing as if [the men] never got tired at all. That night a winter wind blew through the area, causing us to shiver. However, when they heard the signal at dawn the cadres and workers all got up, prepared their things quickly and orderly, and then got into their vehicles and drove off to the production field unmindful of the time. Having seen this we cannot help talking about the happiness, enthusiasm and diligence of these young cadres and workers who always smile gently and sweetly while working. That time we, the company committee and a number of people involved went with them. From our conversation we learned that company's area of responsibility is from Se Sangsoi to Se Kongkam, totaling 50 km from KM 80 to KM 130. In 1981 they built 10 km of standard road, and 17 km in 1982, and are expected to finish 23 km in the 1983 plan from KM 107 to KM 130. The first plan which has not been carried out made a lot of progress and is believed with certainty to have been finished according to the plan. The company committee took us to see the production field. They told us that the cranes can lift dirt 200 times a day. The bulldozers, tractor scrapers and dump trucks drove in and out and made a lot of noise and created dust all over the area. They never get discouraged or yield to the burning sun. They always sing gently and happily. When they saw us, the workers told us that the place that they found the most difficult and the most dangerous and wild was KM 95 to KM 100, because it was full of bomb craters and bullets left by the U.S. operation Lam Son 719. In doing their work the bulldozers ran over a large shell weighing 12 kg, but it did not explode. However, the workers' spirit never gets discouraged and they don't turn back because they are proud to sacrifice everything for the construction. The next day we left but the scene of those enthusiastic cadres and workers still remains in our memory and vision. They themselves are the vanguard of

the construction. They never charge any fees for it or expect wealth or personal comfort. Everyone has confidence in the new regime under the LPRP leadership. They consider the third and fifth congresses of the party and government as lighting their way, and they are trying to make [them] reality.

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CSO: 4206/62



VIENTIANE CAPITAL POPULATION STATISTICS REPORTED

Vientiane VIENTIANE MAI in Lao 21 Feb 83 p 2

[Conversation with the Editor: "How Many Villages Are There in Vientiane Capital?" ]

[Text] [Question] Dear Editor: Today I wish to ask about the statistics of Vientiane Capital. I hope you do not mind and again I hope you can answer this question well because VIENTIANE MAI is the voice of Vientiane Capital itself.

1. How many districts, cantons, villages and people are there now in Vientiane Capital?

I ask you only this for now. I hope you can clear it up for me. Thanks in advance. Phet, student.

[Answer] Dear Comrade Phet: It is hard to give a correct answer to this question; however, we will try to find out about it. If there are any mistakes please forgive us because now our statistics have changed. After the separation of Vientiane Province and Vientiane Capital, each has its own inspection within the area of its control. Therefore, we have not seen any clear figures in terms of document distribution.

1. Based on statistics at the end of 1982 Vientiane Capital consisted of 7 districts: Chanthabouri, Sisatthanak, Sikottabong, Saisettha, Saithani, Hatsaifong, and Nasaithong. Its total area now is approximately 333,400 hectares. It consists of 48 cantons, 398 villages, and a population of more than 330,000. The northern part of Vientiane Capital adjoins Thoulakhom and Phon Hong Districts; the southern part adjoins Thailand (Nongkhai Province); the west adjoins Sanakham Province and Thailand; the east adjoins Paksan District and part of Thoulakhom District. Here we are going by the sun's orientation; however, if we go by the Mekong River it could be the opposite. For example, Hatsaifong District adjoins the south of the Vientiane Capital based on the flow of the river. However, if we live in Vientiane Capital we observe the direction ourselves as to which is which. When we find a map of Vientiane Capital we will print it and let you know again. Thank you.

BRIEFS

CHAMPASSAK DISTRICT POPULATION--Bachiang Chaleunsouk is one of 10 districts subordinate to Champassak Province. Its population is 19,000 people. It is a revolutionary base. [Excerpts] [Vientiane S'ANG PASASON in Lao 23 Feb 83 p 3] 9884

CHAMPASSAK FORESTRY PRODUCTION--In 1982 the workers of the tree-cutting and wood manufacturing company in Champassak Province roused their revolutionary working class to emulate each other diligently and actively to carry out their specialized task. The outcome of this work [was that they had] cut 33,211 cubic meters of wood in permitted areas, gathered and transported 54,887 cubic meters of logs, sawed 30,460 cubic meters of soft and hardwood, and produced over 11,864 cubic meters of lumber. Moreover, they also used wood to make 2,175 cupboards, tables, chairs, and beds and a number of other items. These workers are continuously and cheerfully emulating each other in order to implement their work to ether to achieve a satisfactory victory in the 1983 plan. [Text] [Vientiane SIANG PASASON in Lao 21 Feb 83 p 1] 9884

LUANG PRABANG CROPS--(KPL) In 1982, the people of all races in Luang Prabang Province worked to emulate each other to expand actively and widely the growing growing of crops consisting of corn, coffee, peanuts, soybeans, mung beans, potato vines , potatoes, etc. They were also able to harvest a total of over 8,399 tons of fruits including 7,180 tons of corn, 130 tons of coffee beans and over 100 tons of tobacco. [Excerpt] [Vientiane KHAOSAN PATHET LAO in Lao 22 Feb 83 p A2] 9884

CSO: 4206/62

END TO BRITISH COLONIAL HERITAGE URGED

BK021616 (Clandestine) Voice of Malayan Democracy in Malay 1215 GMT 31 Mar 83

[Commentary by (Abdul Hasan): "Erase the Heritage of British Colonial Power in Our Country!"]

[Text] Our country has been independent for more than a quarter century, but the heritage of the British colonial power in our country is still being preserved. Monuments and statues of Francis Light, J.W.W. Birch and others, symbolizing their heroism in the invasion of our country, still stand in bold relief. Place names like Georgetown, Cameron Highlands, Port Dickson, Port Swettenham and other places, which have been so called in honor of their shrewd authorities, are preserved.

History books like Sejarah Alam Melayu [History of the Malay World] and others which humiliate heroes of the nation are still in circulation among the public. The time has arrived for people of our independent country to erase or correct the heritage of a twisted history.

Famous leaders of patriotic wars in the history of our nation, such as Datuk Bahaman, Datuk Maharajalel, (Mat Dila), (Tuk Sago), Tuk Janggut, Haji Abdulrahman and many others who led the peasantry in their anti-British colonialist struggle to defend the country and nation, have been called traitors. Such name-calling must be stopped. All statues of the colonial administrators must be put in the museum. All falsehoods written in history books, such as in Sejarah Alam Melayu and the like, must be erased and patriotic war leaders officially declared national heroes.

Historical memoirs documenting the heroism of our people in their struggle against foreign aggression, which are published by the Office of Jaman Rakyat [People's Era] and the Office of Suara Demokrasi [Voice of Democracy] such as Memperingati Ulangtahun Ke-100 Perang Perak [commemorating the 100th anniversary of the Perak war], Perjuangan Bersenjata Melawan Penjajah Britis Yang Di Pimpin Datuk Bahaman [Armed Struggle Against British Colonialists led by Datuk Bahaman], Strategi Penjajah Britis Untuk Menguasai Malaya [British Colonial Strategy to Control Malaya], Malaya Pada Zaman Feodal [Malaya in the Feudal Era], Sejarah Perkembangan Masyarakat Tanah Melayu Dan Patriotisme [History of the Development of Malay Society and Patriotism] and so on must be used in the study of history.

At the time the Japanese fascists invaded and occupied our country and 100,000 British soldiers surrendered unconditionally, the CPM led the people of all nationalities in their struggle for national liberation and for the defense of the nation's interests, launching an armed struggle and establishing a broad anti-Japanese national united front. At the end of the war, the Malayan People's Anti-Japanese Army, the MPAJA, had more than 10,000 men under arms and a People's Army of tens of thousands of men. The war brought an end to the 3 years and 8 months of Japanese fascist control over our country. Led by the CPM [Communist Party of Malaya], the people of our country achieved a great victory in the anti-Japanese war, making an honorable contribution to the antifascist war of the people throughout the world. In that way, the anti-Japanese Army won high respect of the people of all nationalities in our country.

After the end of the war, the British colonialists had to invite the MPAJA to accompany their delegation to attend an anti-fascist war victory celebration in London. The delegation was accorded high respect, but not long after its return in our country, the British imperialists carried out a divide and rule policy, launching an intensive slander campaign and calling the CPM-led MPAJA a terrorist group. Such ugly accusations still confuse the Malays, particularly the young generation.

It is our belief that the propagandized heritage of the British colonial power must be corrected and erased. For the sake of national pride and the education of the present generation, the great contribution and heroism of the MPAJA must be recorded in the history of our country.

At present, the Office of Suara Demokrasi is publishing numerous serials about the anti-Japanese struggle. The close relationship between the MPAJA and Malayan and other masses for the [words indistinct] of the people of our country. This is a cause for joy.

In the course of the anti-British national liberation war from 1948 until 1957, the British colonialists, fearing a threat to its authority and seeking to win over the people, launched a psychological warfare, calling members of the CPM-led National Liberation Army terrorists, traitors, agents of foreign powers and the like. Likewise, following our country's independence, the regimes of the reactionary cliques, in their attempt to snatch the fruits of victory and cover up their sins as traitors, inherited the policy of their anti-communist and anti-people policy and branded the true patriots as terrorists, antinational elements, subversive agents and so on. Besides, they shamelessly boasted that the independence of the Federation of Malaya had been attained without bloodshed. They boastfully called themselves Bapa Kemerdekaan [father of independence], determined fighters and so on.

Nevertheless, history cannot be deceived. Every honest person will invariably admit that, without the difficult armed struggle led by the CPM, it would have been impossible to attain the 1957 independence. In other words, the emergence of the independence movement, which was spearheaded by patriotic forces and people of all nationalities in all walks of life, led to a prolonged revolutionary armed struggle against the British, which, under

the CPM leadership, dealt a severe blow to the British colonialists in political, military and economic fields, forcing the British imperialists to end their colonial rule in our country and proclaiming the independence of the Federation of Malaya in August 1957.

The independence, however, was not complete. The fruits of the long struggle waged by the CPM, the Liberation Army and the people has been snatched by the reactionary group which assumed power with the backing of the British imperialists.

As they have adopted a policy which ruined the country and the people, our country has gradually become an arena of rivalry among foreign powers and monopoly capital groupings. The political position and economic strength of compradors, bureaucrats and capitalists have increased and expanded very fast. The gap between the rich and the poor and the society's polarization are ever growing and the people of all nationalities live in poverty.

Based on the aforementioned analysis, we are of the opinion that the propagandized heritage of the British colonial power and the forging of history by the ruling reactionary group must be stopped.

In recent years, the people at large have become increasingly aware how necessary it is to eradicate the heritage of the British colonial power in our country. At the beginning of this year, the sultan of Perak unilaterally proclaimed Telok Intan as the new name for Telok Anson. Last August, the sultan of Perak claimed back 46.92 square kilometers of land along the Perak-Penang border, which is located south of Seberang Prai. This case has attracted the attention of the public.

At present, the Kuala Lumpur and Singapore ruling cliques still maintain their reactionary policy which is antipeople and antidemocratic. The conflict between both ruling cliques and the people of all nationalities in all walks of life constitutes the main conflict in our country's society.

The Soviet hegemonists have increased their infiltration in this region, encouraging and supporting Vietnam to occupy Laos and invade Kampuchea as well as cross the Thai border. This constitutes a growing threat against our country's safety. In this situation, people of all nationalities in all walks of life and all patriotic and democratic forces in our country must be united in the broadest way and wage a struggle against the infiltration and subversion by Soviet and Vietnamese aggressors of our country.

Unitedly arouse the great patriotic spirit of the people of our country to wage a struggle, erase the remnants of the British colonial power in our country, oppose the reactionary, antipeople and antidemocracy policy adopted by the Kuala Lumpur and Singapore regimes and fight to maintain the country's sovereignty and territorial integrity.

CSO: 4213/516

PHILIPPINES

MINDANAO COLUMNIST ON ARMY PUBLIC RELATIONS

HK040606 Davao City PEOPLE'S DAILY FORUM in English 22 Mar 83 p 2

["Window Shopping" column by Aurelio A. Pena: "While Filipinos Cannot Accept Communism..."]

[Text] The reaction of the government and the military to the growing threat of communism in this part of the country, is almost akin to dousing out the flames of a burning house.

Their reaction is sudden and spectacular: they brought in army battalions, jungle fighters, the marines, the air force and the navy--to help the beleaguered military forces here.

With all the civic action programs being served to lowly people in farflung barrios, they are finally convinced that the military and the government have alienated many people due to military abuses and government negligence.

All these sudden outpouring of civic action and medical aid to areas penetrated by local communist terrorists, while helpful at the moment, do not show any promise of a long-range effect to people receiving the aid.

Our question is: After all this gigantic PR show is over, then what?

Can the government eradicate the deep-rooted causes of discontent and injustices, while fighting communist propaganda?

It is really a pity that the new head of the civil relations service of the AFP [Armed Forces of the Philippines], Brig Gen Pacifico Lopez de Leon still do not know local sentiments here about military abuses as a major factor in the growth of communist rebellion here in Davao.

When we told him that peoples in towns and barrios in Davao Del Norte all complained of military abuses, he reacted by pinning the blame on the media: "You (the media) can partly be blamed for what is happening here in Davao. We endanger our lives for you during the 1963 conflict in Mindanao. Personally I think we have pampered you (the media) too much."

Then the civil relations chief explained how the media could exaggerate military abuse by posing the question: If a soldier fighting for our lives, goes tired and hungry to a house in a barrio and asks for cigarettes and food, does he not deserve our help?

With this reaction of De Leon plus the accusation of his deputy commander that the communists are using the media for its propaganda against the military, we now have the impression that there seems to be a common front within the civil relations service of the AFP to keep an eye on certain sectors of the unfriendly press.

If they really want to win the hearts and minds of the people (which is their battlecry today) all they have to do is to be completely honest with the people.

If there are really abuses by PC soldiers, just admit honestly that there are abuses and that they are doing something concrete to stop this.

There is no sense throwing back the question to the press--that won't solve the problem.

The military must remember that Filipinos are basically freedom-loving people and freedom is not compatible with communism.

Filipinos will find it hard to embrace communism as a way of life, but they will fight military abuses and social injustices if they are pushed against the wall.

CSO: 4200/521

PHILIPPINES

ROMUALDEZ TO HEAD PANEL AT BASE ACCORD TALKS

OWO10633 Quezon City RPN Television Network in English 1100 GMT 31 Mar 83

[Text] Philippines Ambassador to the United States Benjamin Romualdez will head the government panel in next month's talks with U.S. Defense officials to review the agreement on American facilities in military bases in the country.

Romualdez will later be supported by a backup group which will prepare the position papers and the policy thrust of the government during the negotiations in Manila. The other members of the Philippine panel will be appointed by the president, who is still awaiting the composition of the American panel. The president told newsmen that the government would set up a counterbalance group to match the composition of the American panel.

[Begin Marcos recording] We will set up a balance, a counterbalance group. If they put military men, we'll put military men. If they put State Department people, we'll put foreign affairs people. But right now, what we have decided to do is, first of all, [to appoint] Romualdez, then create a backup group, a study group, which will prepare all procedures and this will refer everything to me. [end recording]

The president said he is about 70 percent certain that something acceptable would be arrived at.

Among the topics to be discussed in the forthcoming negotiations are the regional security atmosphere, the world security situation, and liberal terms of military assistance through the foreign military sales credit system.

CSO: 4200/521



## BRIEFS

ASEAN COOPERATION AREAS--The Association of Southeast Asian Nations should move faster through more areas of cooperation. The president issued the call after noting ASEAN's failure to explore several areas of economic importance, including monetary policies and shipping. The president renewed the call for a common ASEAN shipping agency which could service all members of the association. The president said he was frustrated by the noncooperation of Western countries in trade matters, and stressed that it was time ASEAN did something about it. [Text] [OW281413 Quezon City RPN Television Network in English 1100 GMT 28 Mar 83]

U.S. BASES PACT REVIEW--In this month's opening of the RP [Republic of the Philippines]-U.S. military bases pact review, the Philippine government will seek to clarify once and for all three issues. President Marcos pointed out that foremost to these remaining issues is the matter of rental--the Philippine bases which must finally be assessed as rental not as aid, as viewed still by the United States. The other two issues to be resolved are the definition of powers and jurisdiction of the Filipino and American base commanders and the matter of joint security patrols around the bases. [Text] [OW041527 Quezon City RPN Television Network in English 1100 GMT 4 Apr 83]

DISSIDENTS KILL CIVILIANS, POLICEMEN--Two policemen and nine civilians were killed in two separate encounters in Negros Occidental and Misamis Oriental. The encounter in Negros Occidental resulted in the deaths of two policemen and the wounding of eight others. Reports reaching KBS News said that about 100 suspected dissidents surrounded a military detachment at (Citio Baktolon) in (Kamindagan) Town in (Sapalay) and engaged the policemen in a 2-hour fire-fight. Meanwhile armed men hacked to death nine persons in Upper (San Antony) Municipality in (Jasaan), Misamis Oriental. The armed men were believed to be members of the New People's Army. Motive for the killing still has to be established. [Text] [OW041518 Quezon City RPN Television Network in English 1100 GMT 4 Apr 83]

MARCOS' SON BECOMES GOVERNOR--Ferdinand Marcos Jr is now the governor of Ilocos Norte, replacing his aunt, Mrs Elizabeth Rocka, who has resigned as governor for health reasons. Bongbong was sworn in today as Ilocos Norte governor by the president in simple rites at Malacanang. As the new governor, Mr Marcos pledged to continue with the present policies and programs of development for the province. The young Marcos was elected vice governor in 1980. Bongbong is a graduate of Oxford University in England, where he obtained his bachelor of arts and master's degrees in politics, philosophy and economics. [Text] [OW241327 Quezon City RPN Television network in English 1100 GMT 24 Mar 83]

## ECONOMIC STATE OF THE NATION REVIEWED

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[Text]

**T**he impact of the world's deep and prolonged economic recession on Thailand's open economy could have been worse than what we actually experienced in 1982. Nevertheless, it is an appropriate time to carefully examine our economic performance during the past year.

On a comparative basis, we think that as a whole the Thai economy has weathered the storm reasonably well in relation to other countries. If growth were used as a criterion in judging our economic performance, one has to admit that the growth rate of 4.4% in 1982 is slow by our past standard of around 7% per annum. However, if one were to compare this with other countries in Asean, only Singapore registered a slightly higher growth rate than Thailand of 5.5%. The Philippines, Malaysia and Indonesia all did very poorly at only 2.8%, 3.7%, and 4.3%, respectively.

**Many positive aspects**

As the dust settled in 1982 and we try to sort things out, there are many emerging positive factors which we can be happy about. The rate of inflation is much lower than anybody might have expected at the beginning of 1982; the energy problems are no longer with us; although no significant benefits have yet materialized from the discovery of oil and natural gas to increase the general welfare of the people, it will gradually begin to show benefits in the years to come; the trade deficit

improved significantly leading to much less pressure on the balance of payments; and despite the claim by certain politicians, our external debt situation, even though worsened, is still good and manageable.

**Underlying resilience of the Thai economy**

What is it that makes the Thai economy this resilient as compared to other countries? Probably there are numerous factors. But one of the most important and one which should not be ignored, is that we are a natural resource-based country. Although prices of agricultural products have declined significantly, output has done reasonably well in crop year 1981/82 which led to a satisfactory supply situation in 1982. We are confident that this sector has been and will remain very dynamic despite the drought and floods in 1982. If the world price starts to pick up, we can expect the agricultural sector to grow at a reasonably fast pace.

Although, in general terms, government policy measures have not helped to prop up the economy in 1982 especially since there were two major tax packages passed to help increase government revenues, the relatively scarce use of direct control measures to help solve short term problems in the economy in the past year must be lauded as a positive factor contributing to the resilience of the economy.

Furthermore, the existence of a large underground economy (or informal sector) in Thailand, which governmental control cannot reach, has also made the Thai economic system rather flexible in absorbing the instability of the last few years.

#### Not all are rosy

However, there were also many economic problems in 1982. One of the important things emerging from this recession is the serious problem of unemployment. The mounting political pressures as a result of the educated unemployed will become stronger in 1983. Each year there will be at least 100,000 educated persons added to the labour force. Given the existing labour market situation, hope is relatively dim in absorbing these people. Unemployment is expected to be a political time bomb with not much time before things start to explode. The government machinery must start working quickly. New ideas and methods must be innovated. In the past, we relied on the government to absorb 65% of the university graduates. This channel is now fully closed. New graduates themselves must also realize that getting a degree and getting a job are two separate things. They themselves have to readjust as well.

#### Shortfall in public revenue collection

One of the most disturbing impacts of the recession on our economy is the shortfall in government revenue collection. This may lead to a chain reaction which affects many other things. The recent announcement of the 250 highest taxpayers confirmed and re-emphasised the inability of the government to collect taxes on capital gains and from self-employed people. Salary and wage earners are the main victims of the system. In addition to the slow-down of the economy, the inefficient and unequal system of tax collection in the country also contributed significantly to revenue collection problems.

However, even in this case, the excess supply in the money market from increased savings and the depressed demand for credit helped to finance the fiscal deficit without a

very significant adverse effects on the economy.

#### How goes economic restructuring?

As we all know, FY 1982 is the first year of the Fifth Five-Year Plan which emphasizes a restructuring of the Thai economy. Now that the year has passed, a lot of questions have emerged. The agricultural gross domestic product grew at less than 1% in 1982 which was much lower than the target of 4.5% set in the plan. Growth in the industrial sector is also not expected to reach the 7.6% target set. Government resources also have been constrained by the large revenue shortfall while the restructuring of public utilities have been held back by political factors.

The issue which should be considered here is whether the goals set out in the Fifth Plan actually can now be achieved under present circumstances especially when there is a growing belief that the world economy has now reached a stage of permanent slow growth. It is probably an appropriate time to investigate whether there should be a restructuring of the Fifth Plan itself. ●

- Despite a good agricultural crop, 1982's total export earnings grew at a lower rate than those prior to 1981
- Enormous expansion of crop exports was offset by drastic price declines. Only minor rises in total export value resulted
- Bumper world crops of major exports like rice, sugar and maize resulted in very soft prices
- Relaxed government intervention in 1982's export trade led to low tax collections
- Pressured by a lower sugar cane price, the government set up a new sugar export firm
- The industrialized world's recession pressured rubber and tin exports with international price stabilization efforts ineffective

- Protectionism hindered exports of tapioca, sugar and textiles
- Domestic recession due mainly to high interest rate, slower export growth and baht devaluation last year were the fundamental factors causing the import growth rate to be negative for the first time in many years
- Net capital inflows were favourable after the first quarter deficit, giving rise to a small overall surplus in the balance of payments for the first three quarters of 1982
- Still no major measures taken yet to free domestic manufacturing production to import competition

#### Worldwide recession and contractionary international trade

**T**hough Thailand achieved an impressive growth record of real economic activities in terms of real gross domestic product (GDP at 1972 prices) of 7.6% in 1981, its growth rate of GDP for 1982 is preliminarily estimated to be around 4.5%. This is so despite a continued record expansion of agricultural output for the second consecutive crop year. This low estimate of GDP growth rate is, however, quite likely because of the continued and deepened economic recession in the industrialized world and because of the continuing high level of domestic interest rate for 1982.

The growth slowdown that has gripped the 24 member industrial countries of the Organization for Economic Cooperation and Development (OECD) for the last two-three years is now a world-wide phenomenon. Much of this recession is then transmitted internationally to developing countries through international trade as well as the financial capital movement manifesting itself through a high and fluctuating level of interest rate. The decline in growth momentum of the developing countries, in turn, gives rise to a feedback effect clouding the prospect for a significant early recovery in the industrialized economies. This is because with a declining growth of their income as a result of a slower rate of

export expansion, developing countries tend to import less from the industrialized countries. Over the period 1976-81 export volume from industrialized countries to the non-OPEC developing countries grew at an annual rate of 7.4%. It has now been reported, although with fragmentary evidences from a group of 14 non-OPEC developing countries,

that their combined total imports in the first quarter of 1982 was down approximately 7% from the same period last year. So, for 1982 it is possible that this important segment of world trade is also contracting in real-value terms along with the already stagnant international trade among the developed and industrialized countries themselves.

Though nations are much more economically interdependent today and though they mutually gain from such an economic relationship, this is sometimes not well understood by policy makers, both domestic and foreign. As a result of a deeper-than-expected recession existing among nations, protectionism has flourished and extended in various forms to a number of new products in the last 3-4 years. It should then be noted that protectionism is pursued at the peril of a decline in a potentially larger size of mutual benefits among nations.

For 1982, just as for any other possible year, Thailand's position in external trade and balance of payments cannot be divorced from the impact of what is happening abroad, particularly in the prevailing case of a long-drawn recession in the industrialized world. Continuously changing external conditions together with continuous domestic adjustments both by the private sector and by the governmental sector through various policy measures have combined to make the performance of Thailand's trade and balance of payments in a shape which is presented here in Table 1.

#### Facts on trade and balance of payments

According to the latest official statistics available at the time of writing, the commodity trade deficit for the first three quarters of 1982, is tentatively estimated at 23,231 million baht. The nine-month total export value was growing at only 9.80% above the

value of export in the first three quarters of 1981. For the comparable period, there was a negative growth rate for import of 8.51%. The unfavourable trade balance was thus due to the difference in an export value of 123,702 million and an import value of 147,933 million baht.

The merchandise trade shortfall of 23,231 million baht is vividly seen to be a figure much lower than the comparable deficit ever experienced by Thailand in recent years. As compared to the first 9 months of 1981, the trade deficit for the first three quarters of 1982 was 52.62% smaller. Such a drastically low shortfall of a net foreign exchange earning from merchandise trade is really impressive particularly after we realize that there was a 16.26% increase in Thailand's trade deficit for the same period in 1981.

There was also a rising net positive inflow of foreign exchange earning from the service account. The greater portion of this increase was attributed to the rise in receipts from tourism and remittances from Thai employees working abroad, especially those from the Middle East region. With a relatively normal rate of net inflow of unrequited transfers from abroad, the surplus in service trade and unrequited transfer amounted to 10,443 million baht. This helped to cut the current account deficit (a composite account comprising goods, services, and transfers) for the first three quarters of 1982 down to a meager level of 12,788 million baht. This amount of current account deficit is 69.40% below the comparable figure of deficit for 1981. Though the year for 1982 is not yet over at the time of writing, it is reasonable to presume that the current account deficit for the whole year of 1982 should not be much different from 22,000 million baht. This is so even if the trade deficit for the last quarter of 1982 is as large as that of the passing third quarter. For the third quarter of this year, (not shown in Table 1) Thailand earned less foreign exchange from her merchandise trade by an amount of approximately 15,000 million baht which is larger compared to 1,822 and 7,643 million baht for the first and second quarter deficit of 1982 respectively.

Though there is an improvement in the trade and current account balance particularly

for the first two quarters of 1982, the capital account swung, as usual, back and forth rather violently and abruptly. Nevertheless, a portion of this swing of the capital pendulum could be very well explained by its sensitivity to the changing covered interest rate differential between the money and capital market here and those abroad and by the liquidity condition prevailing in the domestic financial market. Thus, with a relatively higher interest rate of around two percentage points in favor of the domestic market and a zero cost of foreign exchange risk covered under the foreign exchange swap agreement instituted by the Bank of Thailand, a large amount of foreign capital was brought in during the last quarter of 1981. But when the temporary foreign exchange swap agreement was abolished at the end of last year, and when the covered interest differentials were negative for nearly the whole first quarter of this year, there was a slow down in a gross inflow of private capital which was far inadequate in offsetting the rapid and large repayment of private loans and credits due abroad. With relatively large negative net errors and omissions, which could not be officially accounted for, the balance of payments for the first quarter of 1982 turned out to be a deficit of 7,068 million baht.

Non-monetary sector capital inflow for the second and the third quarter was a reverse of that in the first quarter. During the second quarter, interest rate differential began to widen a little when the domestic rate of interest moved up somewhat by the upward adjustment of the second-tier discount rate at the Bank of Thailand by one percentage point at the end of April. With a relatively stable premium rate of the U.S. dollar for a forward cover, loans and credits began to flow in and there was a relatively smaller foreign exchange outflow. The net private capital account movement began to show up as a plus sign resulting in an overall capital account surplus of 9,618 million baht. This gave rise to a balance of payments surplus of 7,597 million baht for the second quarter of 1982.

With a rapidly declining level of foreign interest rate in the third quarter not matched by the fall of domestic interest rate, covered interest rate differential in Thailand's favour

became, in most months, larger. A larger capital inflow was then induced, despite a prevailing contractionary economic situation in the Thai domestic economy. The capital inflow was then adequate to offset a larger current account deficit in this third quarter, resulting in a small surplus in the balance of payments. However, when we put all the statistics of the balance of payments for all the first three quarters of 1982 together, the result is a small overall surplus of 726 million baht. Since a larger trade deficit may be reasonably envisaged for the last quarter of 1982, a larger capital account surplus is, therefore, required to make the whole 1982 balance of payments a favourable ending. But if that does not happen, the balance of payments will then turn out to be in the red. It can be well expected, in this latter case, that the deficit will not be unbearable.

#### Export performance among major commodities

It is mentioned above that the value of total export earning from the first three quarters of the year grew at a slower rate of only 9.80% above the corresponding period of last year. This less-than-satisfactory export growth rate is due, of course, to different performances among major export items. Table 2 presents some statistics on the growth of various major export items during 1980-1981 and the comparable value of export between the first nine months of 1981 and 1982.

It is evident from Table 2 that though the growth performances differed among export goods, almost all items suffered from declining prices. In the initial 9-month period of 1982, crop exports were severely affected by low prices. The quantity weighted average crop export prices declined by 23.83% as compared to the same period last year. Hardest hit in terms of prices were rice, rubber and sugar. While maize and tapioca prices went down moderately, the primary product prices of shrimp and tin increased by 22.26 and 8.65% respectively. Contrary to prices, the combined crop export quantity rose tremendously by 33.90% helping to mitigate the fall in prices. As a result, the total value of crop exports was able to register a small in-

crease of 3.92% for the period ending in September 1982.

There are three main and basic factors which contributed to the fall in Thai export prices. First as stimulated by exceptionally high prices and coupled with a generally good weather conditions, there was an exceptionally good harvest for the 1981/82 crop year in most grain producing areas, including Thailand. Such a bumper crop led to a decreased demand for import in some countries. Moreover, the high interest rate discouraged stock accumulation. As a result, international grain prices including rice and maize are depressed which brought down the domestic price of rice and maize along with it. To alleviate the low domestic prices of paddy, the Government has tried to encourage as much export as possible. This is done by intervening relatively less in the export trade. Since late 1981, the pressure on the government resulted in a relaxation of its various adverse interventions in the export of rice and maize.

For rice, the Commerce Ministry eased its various administrative controls and lowered the tax collection from rice exports. The combined levies which comprised of rice premium, export tax and reserve requirement, for 5% white rice fell from 30% of the fob export price in September 1981 to 23.7% in December 1981, and 15.4% in March 1981. Between June, 1982 and up to the time of writing this report, the overall tax rate on rice export fluctuated around 11.0-13.0% of the export price. Though this rate of taxation is probably one of the lowest levies on poor farmers since the end of the Second World War the domestic price of paddy for 1982/3 could have been slightly higher had the Commerce Ministry decided to abolish entirely all the taxes collected from rice exports in May this year when the rice reserve requirement was finally withdrawn. The government has not gone far enough in liberalizing the rice export trade. Besides we are not confident that the government will continue its low-tax policy for long especially when the world market for Thai rice exports returns to a tight situation again in the future years.

Allowing a completely free rice export trade is the least-cost and most effective way

to pull up the domestic paddy price close to the world price. But the government has instead instituted a local paddy price support program which is usually ineffective due mainly to an inadequate fund. Since nearly all the fund used in the nominal price support program usually comes from the rice premium money collected from rice export, the program does not really help the farmers as a group at all. In fact, this is a self contradictory policy moreover, the program, which requires additional resource costs, which is very often carried out in a very complicated and annually changing administrative scheme, has given rise to 'injustices' among farmers themselves. Farmers who have access to the program tend to gain at the expense of those who cannot sell their paddy at the so-called guaranteed or support price.

Given a relatively stable world demand for sugar, an excessive world production for the 1981/82 crop year, as previously induced by an exceptionally high price in the previous year, sent the world sugar price downward significantly. So, the average world price of raw sugar (as represented by the London price) tumbled from 166.62 pound sterling in December 1981 to 91.33 pound sterling in October 1982, a decrease of 45.19%. Being a small sugar-cane producer, Thailand has to accept given the fluctuating world prices. A decreasing world price has, therefore, caused the Thai export price of sugar to move down along with it. For the first three quarters of this year, the Thai sugar export price averaged at 6,413 baht per ton as compared to the 8,998 baht per ton for the same period last year. But, with a bumper cane output similar

**Table 1 BALANCE OF PAYMENTS**

(Millions of Baht)

|                          | 1980     | 1981     | 1981<br>Q1+Q2+Q3 | 1982*<br>Q1+Q2+Q3 |
|--------------------------|----------|----------|------------------|-------------------|
| Exports (fob)            | 132,041  | 150,000  | 112,666          | 123,702           |
| Imports (cif)            | -190,025 | -215,990 | -161,700         | -147,933          |
| Trade Balance            | -57,985  | -65,843  | -49,034          | -23,231           |
| Net Service              | 11,145   | 6,416    | 4,447            |                   |
| Goods and services       | 46,840   | -59,428  | -44,587          | +10,443           |
| Net Transfers            | 4,276    | 3,690    | 2,802            |                   |
| Current account balance  | -42,564  | -55,737  | -41,785          | -12,788           |
| Capital movement (net)   | 50,777   | 55,361   | 31,709           |                   |
| Direct investment        | 3,816    | 6,363    | 4,810            |                   |
| Private long-term        | 14,902   | 19,307   | 5,850            |                   |
| - Loans and credits      | 13,749   | 18,948   | 5,627            |                   |
| - Portfolio and others   | 1,153    | 359      | 223              |                   |
| Private short-term       | 6,847    | -4,378   | -3,953           |                   |
| State enterprises        | 19,003   | 26,045   | 20,559           | 13,514            |
| - Long-term              | 18,184   | 19,173   | 13,756           |                   |
| - Short-term             | 819      | 6,871    | 6,830            |                   |
| Central government       | 6,210    | 8,025    | 4,443            |                   |
| SDRs                     | 506      | 488      | 448              |                   |
| Net errors and omissions | -3,540   | 2,419    | -2,761           |                   |
| Overall balance          | 5,179    | 2,531    | -6,827           | 726               |

Source: Bank of Thailand

\* Preliminary

to that in other parts of the world production, the total export quantity more than doubled (see Table 2) to 1,935,718 metric tons. This boosted Thailand's foreign exchange earning from sugar to 12,413 million baht as against 7,718 million baht for the first three quarters of last year. It was a spectacular increase of 60.83% when considered against the price decrease of 28.73%.

Sugar, just as rice, is another commodity with heavy governmental intervention both in the domestic market as well as in the export trade. In the domestic scene, the government instituted a nominally price guaranteed program for sugar cane. The government occasionally and sometimes abruptly imposed a domestic price control on the refined sugar for local consumption during a tight international sugar market period resulting in a rapidly rising local sugar price. There are also other administrative controls under the jurisdiction of the Ministry of Industry regarding the entry of new firms in the form of new sugar milling plants as well as the expansion of the present plant capacity. The Industry Ministry, through its Sugar Institute, announced the beginning date of the sugar milling season which varies according to different regions. It also divides a domestic sugar production quota into two main portions. The first portion is for domestic consumption and usually gets a high priority under a tight world price of sugar resulting in a high and rapidly rising domestic price. The remaining portion is to be produced by the mills for exports.

There is an export tax for sugar which is also popularly known as the sugar premium, just like the rice premium. The export tax rate is presently zero for the export price less than 7,000 baht per ton. With unparad sliding-scale rate, the sugar premium will reach 80% for the margin exceeding 9,000 baht per ton. The government usually uses this tax as the primary source of fund of its price support scheme to sugar cane growers.

However, for the 1982/83 sugar year, with the pressure of declining domestic cane price, there have been a number of changes in the measures adopted by the Thai Government regarding sugar export and the guaranteed price scheme for sugar cane. The government, after

a long and controversial negotiation with planters and millers, established a new exporting firm called the Thai Cane and Sugar Corporation Ltd.

It was reported at the time of writing this report that this exporting firm, which is a joint venture supposedly with an equity share of one third each held by the planters, the millers and the government, concluded in December 1982 an agreement for an annual advance sugar sale of 600,000 tons for 1983 with three international sugar firms. And in connection with this forward sale contract, the Thai firm expects to obtain a loan of approximately 78 million U.S. dollars which will be used as the fund for an initial payment in the cane support price of 350 baht per ton. Under the new system, the planters and the millers will have a net revenue sharing from both domestic and foreign sugar sale of 70% and 30% going to the farmer and the latter respectively. This initial guaranteed price may, however, be revised either upward or downward depending on the actual future price of sugar which will supposedly be announced by the government in September every year. The announced future price of sugar is presently planned by the government to be equivalent to the forward price under the yearly 600,000 tons of the forward contract.

Though the new system of governmental intervention in the sugar export becomes quite complicated, the system of cane price support program is fundamentally the same. This is so because the government still retains the sugar export levy which is expected to be used to repay the above-sought loan.\* Some problems may arise when the expected premium collection is below the figure expected due to a lower future spot price. Similarly, when the future spot price is rising and becoming higher than the forward price sold by

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*\*It was reported after this writing that repayment of loans would come from the firm's sugar export proceeds. So, it is still not yet known definitely how the repayment of the borrowed fund would be inacted. It is not clear whether the expected sugar premium will be reverted back to the cane planters.*



Table 2 EXPORT OF MAJOR COMMODITIES, 1980-1982 Q3

(Millions of Baht)  
(Metric tons)

| Commodity  |   | 1980      | 1981      | 1981<br>Q1-Q3 | 1982<br>Q1-Q3 | (1981 Q1-Q3)<br>(1982 Q1-Q3) <sup>100</sup> |
|--|---|-----------|-----------|---------------|---------------|---|
| 1. Rice:   | Q | 2,279,724 | 3,041,990 | 2,524,911     | 2,962,130     | 17.32                                       |
|  | V | 19,508    | 26,354    | 22,226        | 17,923        | -19.36                                      |
|  | P | 6,968     | 8,663     | 8,803         | 6,051         | -31.26                                      |
| 2. Tapioca:  | Q | 5,217,702 | 6,261,185 | 4,465,148     | 5,662,667     | 26.82                                       |
|  | V | 14,887    | 16,433    | 12,013        | 14,113        | 17.48                                       |
|  | P | 2,853     | 2,625     | 2,690         | 2,492         | -07.36                                      |
| 3. Maize:  | Q | 2,202,510 | 2,529,117 | 1,484,231     | 1,989,331     | 34.03                                       |
|  | V | 7,299     | 8,417     | 5,117         | 6,034         | 17.92                                       |
|  | P | 3,314     | 3,328     | 3,448         | 3,033         | -12.03                                      |
| 4. Sugar:  | Q | 451,696   | 1,114,900 | 857,779       | 1,935,718     | 226.56                                      |
|  | V | 2,975     | 9,571     | 7,718         | 12,413        | 60.83                                       |
|  | P | 6,546     | 8,585     | 8,998         | 6,413         | -28.73                                      |
| 5. Rubber:   | Q | 455,006   | 473,671   | 343,738       | 406,747       | 18.33                                       |
|  | V | 12,351    | 10,838    | 8,315         | 7,079         | -14.86                                      |
|  | P | 27,145    | 22,881    | 24,190        | 17,416        | -28.00                                      |
| 6. Total Crop: Q (1000)                                | Q | 11,128    | 13,431    | 9,676         | 12,956        | 33.90                                       |
|  | V | 57,020    | 71,613    | 55,389        | 57,562        | 3.92  |
| 7. Shrimp:   | Q | 17,915    | 18,738    | 14,106        | 15,624        | 10.76                                       |
|  | V | 1,961     | 2,133     | 1,542         | 2,088         | 35.41                                       |
|  | P | 109,461   | 113,833   | 109,315       | 133,645       | 22.26                                       |
| 8. Tin:  | Q | 33,308    | 30,093    | 23,701        | 19,404        | -18.13                                      |
|  | V | 11,347    | 9,099     | 6,827         | 6,073         | -11.04                                      |
|  | P | 334,178   | 302,363   | 288,047       | 312,977       | 08.65                                       |
| 9. Textile   | V | 9,644     | 12,513    | 8,510         | 10,457        | 22.89                                       |
| 10. Integrated Circuit:                                | V | 6,156     | 6,210     | 4,791         | 4,878         | 1.82  |
|  | V | 3,240     | 4,490     |               |               |   |
| 11. Jewelry:   | V | 89,368    | 106,058   |               |               |   |
| 12. 6+7.....+11:                                       | V |           |           |               |               |   |
| 13. Major export as percentage of total export earning |   | 67.68     | 70.64     |               |               |   |

Source: Bank of Thailand

Q = Quantity  
V = Value  
P = Price

the joint venture firm, a problem of over collection of premium will also arise. There may also be an additional problem of honouring the forward contract in an unexpectedly dwind-

led world and domestic supply of sugar. We can only wait and see what will happen in the coming years. We will observe how efficient

**TABLE 3 IMPORTS CLASSIFIED BY ECONOMIC CLASSES**

| Commodity<br>Classes                           | 1980    | 1981    | 1981   |        |        |        | 1981    |
|--|---------|---------|--------|--------|--------|--------|---------|
|  |         |         | Q 1    | Q 2    | Q 3    | Q 4    | Q1-Q3   |
| I. Consumer goods                              | 19,286  | 23,064  | 5,275  | 5,777  | 5,997  | 5,915  | 17,149  |
| II. Intermediate products<br>and raw materials | 45,312  | 53,531  | 13,181 | 14,545 | 13,459 | 12,346 | 41,185  |
| III. Capital goods                             | 46,075  | 56,861  | 12,926 | 14,671 | 14,401 | 14,863 | 41,998  |
| IV. Fuel and lubricants                        | 58,733  | 65,060  | 16,406 | 16,636 | 15,382 | 16,636 | 48,424  |
| V. Other imports                               | 19,280  | 18,226  | 4,222  | 4,110  | 4,650  | 5,244  | 12,982  |
| VI. Total imports                              | 188,686 | 216,742 | 52,110 | 55,739 | 53,889 | 55,004 | 161,738 |

Commodity  
Classes

I. Consumer goods  
II. Intermediate products  
and raw materials  
III. Capital goods  
IV. Fuel and lubricants  
V. Other imports  
VI. Total imports

| (Millions of Baht) |        |        |         |                                       |          |
|--------------------|--------|--------|---------|---------------------------------------|----------|
| Q 1                | 1982   |        | Q 1-Q3  | (1982 Q1-Q3)<br>minus<br>(1981 Q1-Q3) |          |
|                    | Q 2    | Q 3    |         | Bht                                   | %        |
| 5,600              | 5,723  | 5,350  | 16,675  | -474                                  | (-2.76)  |
| 11,650             | 12,978 | 12,291 | 36,926  | -4,259                                | (-10.34) |
| 12,110             | 12,112 | 12,507 | 36,731  | -5,267                                | (-12.54) |
| 15,130             | 15,880 | 15,266 | 46,279  | -2,145                                | (-4.43)  |
| 3,180              | 3,745  | 5,424  | 12,358  | -624                                  | (-4.81)  |
| 47,690             | 50,438 | 50,838 | 148,969 | -12,769                               | (-7.89)  |

the new system facilitates the domestic adjustment process in responding to an annually changing world sugar condition.

**T**he other two basic factors which have caused earnings to dip down are the economic recession as well as the protectionism prevailing in the industrialized world. These are, for example, the cases of sugar, tapioca, rubber, tin, and textiles.

For sugar, there are quotas imposed by the US on her imports, including that from Thailand. In May 1982, the US which is a principal

market for Thai sugar, introduced import limits by collecting an additional import fee of 0.42 cents a pound to assist its local producers sell their more expensive sugar. This is taken in order to save expenses on the governmental price support. In the case of sugar obtained from the beet crop which is a very close substitute for cane sugar in the European Economic Community (EEC), there is a heavy subsidy paid to sugar beet farmers and exporters in line with its so-called Common Agricultural Policy. With an excessive subsidy and a

good weather condition, sugar beet production soared resulting in an accumulated surplus, after deducting domestic consumption in the EEC of approximately 9.2 million tons. An exceptionally large export subsidy of around 2-2½ times above the world price for this calendar year helped EEC dump its surplus stock stock to the world sugar market.

Tapioca is another product which is subject to an import quota set by the EEC. The EEC is, of course, the largest export market taking as much as 85-90% of the total export of Thai tapioca products. Under the new 4-year agreement, Thailand has to limit exports of tapioca products to the EEC to five million tons per year for 1983 and 1984, plus a flexible fluctuation allowance of half a million tons for this two-year period and 4.5 million tons each for 1985 and 1986 with a smaller allowance of 450,000 tons for this latter two-year period. There is a low tariff of 6% on the c.i.f. value of tapioca import into EEC within the quota limit. But for imports over the quota limits, the rates escalate rapidly upward. With an increased supply of tapioca production for the 1981/82 season, Thailand is allowed to export an extra 500,000 tons of tapioca products this year in addition to the normal quota limit of 5 million tons.

Tin and rubber are basic raw materials with markets tailored mainly to the industrialized world. In 1981 the Netherlands, the United States, and Japan bought as much as 96.29% of the total tin metal export from Thailand.

With a deeper and prolonged recession particularly for the US economy, with a fluctuating high level of interest rate resulting from a generally tight monetary policy in combating inflation, and with occasional releases for sale from the US strategic tin stock pile in 1982, the international price of tin as represented by the London price slid down from an average of 8,082.10 pounds sterling in the first quarter of 1982 to 6,827.05 and 6,996.56 pounds sterling in the second and third quarter.

When the sixth International Tin Agreement finally came into existence on 1 July last year, after a delay of one year, the tin council decided to continue its previous measures of intervention in order to stabilize the tin price.

These measures include tin purchases under a buffer stock scheme together with reduction in production and hence export cut backs.

The export quota for Thailand during April 27 to June 30 and the third quarter were 4,611 tons and 5,044 tons respectively. These

**TABLE 4**  
**EFFECTIVE EXCHANGE RATE**  
**MARCH 1981 – JUNE, 1982**

(August 1981=100)

| Month     | 1981   | Month     | 1982   |
|-----------|--------|-----------|--------|
| March     | 97.50  | January   | 103.22 |
| April     | 95.21  | February  | 100.85 |
| May       | 94.84  | March     | 99.84  |
| June      | 93.94  | April     | 99.12  |
| July      | 97.10  | May       | 100.97 |
| 14 July   | 92.60  | June      | 98.05  |
| 15 July   | 101.14 | July      | 96.89  |
| August    | 100.0  | August    | 96.65  |
| September | 101.38 | September | 95.82  |
| October   | 101.70 |           |        |
| November  | 103.94 |           |        |
| December  | 105.15 |           |        |

Source of Data: Bank of Thailand

represented 18.35% and 21.74% of the overall export quota for all the tin producing countries. For the last three months ending in 1982, Thailand was given a tin export share of 4,768 tons representing 20.56% of the total combined export quota allocated by the International Tin Council. Despite export control the tin producing countries, coupled with a net purchase by the manager of the buffer stock,\* the price of tin remained soft, fluctuating between the lower range of the support price i.e. 28.15-32.06 Malaysian dollars per kilogram in the third quarter of this year. For the combined three quarters of 1982,

\* Since the United States, the Soviet Union and Bolivia are not members of the Sixth International Tin Agreement, the maximum size of the monetary value of buffer stock is only equivalent to 39,666 tons of tin. The original plan called for a buffer stock of an amount equivalent in value terms to 50,000 tons of tin.

**TABLE 5 EXTERNAL DEBT POSITION**

Amount disbursed and outstanding

(Thousands of U.S.\$)

| End of year | Private   | Public    | Total     | External debt as a percentage of |        |
|-------------|-----------|-----------|-----------|----------------------------------|--------|
|             |           |           |           | GNP                              | Export |
| 1974        | 647,965   | 513,103   | 1,161,068 | 8.79                             | 37.66  |
| 1976        | 785,070   | 818,832   | 1,603,902 | 9.75                             | 45.00  |
| 1978        | 930,627   | 1,780,658 | 2,711,285 | 11.67                            | 54.64  |
| 1980        | 1,751,403 | 3,995,905 | 5,747,308 | 17.54                            | 69.11  |
| 1981        | 2,098,622 | 5,111,323 | 7,209,945 | 20.06                            | 80.32  |

Source: Bank of Thailand  
National Economic & Development Board

Thailand exported only 19,404 tons of tin worth 6,073 million baht, a decrease of 18.13 and 11.04% respectively from the corresponding time span last year.

Like tin, major users of natural rubber are the industrialized countries. It is estimated that approximately half of the natural rubber consumption is in tyre manufacture for automobiles and other vehicles. About 10-15% is used in non-tyre automotive products and the rest is utilized as household and industrial products. In the case of Thailand, 95% of the total natural rubber production is sold to the industrial countries. Recession and uncertainty with respect to the future prospect of a quick economic recovery particularly in the industrialized world has, therefore, continued its adverse impact on the rubber market.

As a consequence of a sluggish industrial demand for natural rubber, the world price of natural rubber continued its downward drift.

A weakening price of synthetic rubber (a natural rubber substitute) due to a world excess supply condition of energy throughout 1982 has not been helpful to the natural rubber price either. Large purchases by a combined amount of 200,000 tons from November 1981 up to September 1982 by the buffer stock manager under the International Natural Rubber Agreement merely helped to keep its world reference price fluctuating

around and often below the level of the so-called lower intervention price. The lower intervention price is that level below which the manager of the rubber buffer stock is allowed to intervene to prop up the rubber price. As a matter of fact this lower intervention price was even adjusted down approximately by one percent in May 1982 from 178.5 to 176.7 Malaysia/Singapore cents per kilo.

For the first three quarters of this year, Thailand was able to export 18.33% more rubber in quantity which was partly due to a relatively less depressed economy of Japan, the major market for Thai rubber, and partly due to the purchases under the buffer stock scheme. Nonetheless, the average rubber export price declined sharply by 28.00% resulting in a lower foreign exchange earning by 14.86% as compared to the first nine months of last year.

Textiles are manufactured export products which faced quantitative restrictions by the importing countries of the western industrialized world. Despite quota restrictions and a deeper economic recession, Thailand's export performance in textiles was not completely unsatisfactory. While the total textile export during the first three quarters of 1982 were registered at 10,457 millions baht or 22.89% higher than the same period of the previous year, exports to the quota or protected market amounted to 6,749.94 million baht or

TABLE 6 DEBT SERVICE OBLIGATION

(Thousands of U.S.\$)

| Year | Debt Service Payments |         |           | Debt Service Payments<br>as% of exports* |        |       | Debt Service Payments<br>as % of GNP |        |       |
|------|-----------------------|---------|-----------|--|--------|-------|--------------------------------------|--------|-------|
|      | Private               | Public  | Total     | Private                                  | Public | Total | Private                              | Public | Total |
| 1974 | 195,038               | 60,863  | 255,901   | 6.3                                      | 2.0    | 8.3   | 1.48                                 | 0.46   | 1.94  |
| 1976 | 291,157               | 86,639  | 377,796   | 8.2                                      | 2.4    | 10.6  | 1.77                                 | 0.53   | 2.30  |
| 1978 | 624,061               | 199,636 | 823,697   | 12.6                                     | 4.0    | 16.6  | 2.69                                 | 0.86   | 3.55  |
| 1980 | 789,801               | 440,984 | 1,230,785 | 9.5                                      | 5.3    | 14.8  | 2.41                                 | 1.35   | 3.76  |
| 1981 | 703,952               | 642,524 | 1,346,476 | 7.8                                      | 7.2    | 15.0  | 1.96                                 | 1.79   | 3.75  |

Source: Bank of Thailand

\*Goods and non-factor service

31.6% higher than the corresponding period of 1981. This higher growth rate might be attributed to the rush by producers and exporters to fill up the allocated quotas for the purpose of future negotiations of larger export quotas. Devaluation of the baht last year was another major factor contributing to the growth of textile exports.

#### Rapidly declining imports

As mentioned above (see Table 1), the total value of merchandise imports declined abruptly by a rate of 8.51% for the first three quarters of this year as compared to the corresponding period of 1981. Such a rapid retreat in imports is spectacular if we realize that total imports in the recent past were usually increasing yearly.

Table 3 renders the fluctuations of various import categories as distinguished by five major economic classes. These are consumer goods, intermediate products and raw materials, capital goods, fuel and lubricants, and other imports. The statistics indicate an across the board reduction of an import value in each of the import class. The largest decrease (12.54%) was recorded for the capital goods sector, which was closely followed by a 10.34% decrease of intermediate products and raw materials. Fuel and lubricants, which constituted the largest class of imported goods during 1980-1981, showed a moderate slowdown of 4.43%. Fuel and lubricants remained, therefore, the largest foreign exchange spending for the three quarters ending in September 1982. During this same period, the consumers

goods sector, whose share in the total import spending was approximately 10%, grew at a slower rate of 2.76%.

#### Factors behind the slowdown in imports

Three basic factors helped to pull imports down drastically.

(1) There was first a slower rate of growth of export in 1981. This slower rate of export earning is again repeating itself this year. A sluggish export growth has dampened a domestic income growth. This in turn, caused imports in general to fall last year.

(2) A highly fluctuating interest rate since 1981 coupled with a relatively high domestic interest rate policy pursued by the central bank for the current year helped to reduce imports for two reasons. A high interest rate and a slowdown in domestic aggregate activities substantially held back potentially new manufacturing investment. This tended directly to reduce imports of capital goods.

Since the import-contents of various domestic manufacturing production is rather high, particularly those under heavy protection, including for example automobile assembly together with its various input requirements, compressor assembly as well as many other electrical and telecommunication equipments, a cut back in the existing domestic manufacturing production can easily lead to a reduction in imports especially of raw materials. Given a high nominal rate of interest, say 13% for a time deposit rate of one-year maturity, a rapid decline in inflationary rate

from the two-digit figure last year to approximately 5-6% for this year has resulted in a substantial rise of positive real rates for savers. Thus, savings soared at the expense, of course, of consumption. With more savings or lesser spending, domestic production fell pulling down imports of raw materials along with it. Direct imports of consumer-type goods also declined. Much of the savings was also channelled to finance the fiscal deficit of the government. This significantly reduced pressure on domestic credit creation which, in turn, helped to make a smaller trade imbalance for 1982.

3) There was also the combined effect of the Baht devaluations taken in May and July of 1981 of nearly 10%. Since Thailand's structure of imports is much biased toward intermediate and capital goods, the rise in the Baht import price as a result of devaluation can hardly be expected to produce a large effect on the import volume in the short run, say within less than a six-month period. But the volume of imports went down more rapidly from the period close to the end of 1981. The volume index of import (with 1975 as the base year) for the last quarter of 1981 stood at 151.62. It then plunged to 122.91 in January, 131.77 in February, 139.32 in March, 148.66 in April, and 140.29 in May of 1982.

**TABLE 7**  
**INTERNATIONAL TERMS OF TRADE**  
(1975=100)

| Year         | Terms of Trade |
|--------------|----------------|
| 1976         | 99.22          |
| 1977         | 87.64          |
| 1978         | 87.83          |
| 1979         | 90.76          |
| 1980         | 86.40          |
| 1981         | 77.67          |
| 1982 January | 66.05          |
| March        | 65.61          |
| May          | 62.73          |

Source: Bank of Thailand

Nevertheless, it should be noted that the US dollar began to surge up in strength vis-a-vis other major currencies in June 1982. Since the Baht is tied to the US dollar by governmental policy choice, the strength of the local currency was then pulled up along with the appreciation of the dollar. The trade-weighted

effective foreign exchange rate of Thailand's major trading partners is shown in Table 4. The effective foreign exchange rate was at the level of 92.60 on July 14, 1981. It became 101.14 on July 15 after the mild Baht devaluation. Later, the Baht depreciated further up to December 1981. When the US dollar became stronger again especially from the middle of 1982, the effective foreign exchange fell to the level of 95.82 which was almost comparable to the rate prevailing on the day before the courageous devaluation in July 1981. Therefore, we can see that much of the impact effect of devaluation was eroded during the third quarter of 1982.

Beside devaluation, various protectionist measures notably surcharges imposed by the Board of Investment against imports were also adopted with the objective to slow down imports. The surcharges were raised for a number of import items including for example, telephone sets, angle steel, channel steel with a thickness of 110 millimeters, vinyl chloride monomer (VCM), and unbleached pulp. There was also a special surcharge of half a percent instituted by the Commerce Ministry on imports generally in 1982 with the purpose of using the collected tax for use in export promotion. Though the idea of setting up a fund for an export drive through sending marketing teams or trade exhibitions abroad is a good one, the import surcharge has by itself given rise to an import protective effect. It was, thus, contrary to the spirit of an export promotion policy in spite of the fact that the surcharge was intended to be only temporary for one year. It should, however, be noted that in early 1982 the government also brought down the import tariff rate to 40% for the finished electrical appliances and 10% for its components.

### External debt situation

**W**hen a country commercially exports goods and services less than the total value it purchases from abroad, it entails a deficit which must be offset. The shortfall in the foreign exchange earning can be offset in several ways. There can be a net inflow of unrequited transfers from abroad in the forms of aids, grants and non-obligatory private transfers.

In the case of the last two years, this net unrequited transfers helped to cut down the deficit in Thailand's goods and service account by merely 6.62 and 10.05%.

The remaining current account deficit was then made possible by (a) capital inflows in the form of net equity or net direct foreign investment and purchases of other forms of financial debt instruments; by (b) changes in net foreign assets of the banking system (central banks as well as commercial banks).

Covering the deficit through borrowing entails a debt which must be paid back both in capital and interest rate in the future. Thailand's non-bank external debt position is presented in Table 5. Table 6 shows the debt service obligations for both the non-bank private and public sector during 1974 up to 1981.

It is evident from the statistics that Thailand's external debt began to deteriorate quite rapidly since 1974. Total public debt jumped 6.21 times from 1,161.07 million US dollars in 1974 to 7,209.95 million US dollars in 1981. External debt as a percentage of GNP and export earnings (goods and non-factor services) also rose substantially from 8.79 and 37.66% in 1974 to 20.06 and 80.32% in 1981 respectively. As a result of a relatively higher foreign debt, debt service (capital and interest rate repayment) was chalked up from 255.90 million dollars in 1974 to 1,346.48 million dollars in 1981.

Since normally the external debt has to be paid in foreign exchange, a smooth repayment process requires not only the proper and economically efficient use of the foreign borrowed fund for domestic income generation, but also the ability of the economy to convert the increased domestic income into foreign exchange. Since the growth of domestic income and the export earnings in recent years were generally lower than the growth of external

debt disbursed and outstanding together with its repayment, the debt service ratio then rose in relation to foreign exchange earning as well as to GNP. Though the ability of Thailand to service its foreign debt obligation is still relatively good, a continuation of the prevailing long decline in its international terms of trade, (see Table 7) the failure to make the economy work more efficiently through basically the attempted restructural adjustments of agricultural and manufacturing production, and the relatively higher cost of present and future borrowing may, in combination, easily cause the debt servicing capacity to be quite uncomfortable especially in a very sluggish export year coupled with an easy and expansionary aggregate demand policy giving rise to a rapid import expansion.

Such a situation may be possible when we realise that the inclusion of a net debt due abroad by the commercial banking system tends to enlarge the overall foreign debt position up to as much as 77.91 and 86.66% of the Thailand's total export earning in 1980 and 1981. But with an economically more efficient policy in terms of domestic pricing and foreign trade as well as a relatively conservative monetary and fiscal policy, the risk of a probable external debt rescheduling will become quite minimal. ●

- Low export and farm prices for rice, sugar and rubber
- Plight record output of rice, sugar cane, tapioca in 1981/1982 due to good rain
- Production for most crops is expected to decline in 1982/1983 because of low prices and late rain
- Government purchase of rice and export liberalization were intensified to boost prices
- Tapioca export while the government tried to discourage production in compliance with the EC's quota
- Barter of maize for fertilizers became significant
- A new system in use to regulate shares between cane growers and sugar refiners; a joint company set

up to handle some export and borrow funds to support prices

- Some prospect for higher prices this year, but the quantity and earnings will go down

It was a case of "producing more but earning less" for most Thai farmers in 1982. Though the output of most agricultural products in the crop year 1981/82 was the highest in history, declining world prices caused by the worldwide economic recession brought down farm prices. Exports of several crops went up in quality, partly because of the government policy of boosting exports by trade liberalization. However, in terms of value, increases in export earnings from most agricultural commodities were rather marginal, and in some cases (e.g. rice) the earnings decreased.

Last year's low farm prices, coupled with the late rain at the beginning of the planting season, are expected to lower agricultural production in the crop year 1982/83.

### Production

Total agricultural production in 1982/83 is estimated to increase by less than 10% in terms of real value, in contrast with a high growth rate of 6.9% in 1981/82. In general, crop production in each year depends on the prices received by farmers in the previous season and the weather conditions during cultivation. The year 1981/82 was a good example of favourable rain and pre-season high farm prices, both of which encouraged farmers to expand their planting areas and reap a big harvest. The opposite is true for the following year. There were floods in several areas in the Northeast, and the rain came rather late in the second quarter of last year in the North and Northeast. This bad weather and the depressed farm prices throughout 1982 were expected to reduce production of several important crops.

**Tapioca:** Both the planted area and output of tapioca declined in 1981/1982 by 15% and 19% respectively. A bumper crop in the previous year and the EEC's import quota of 5.5 million tons for tapioca products from Thailand together lowered the prices of tapioca

roots in 1981. This discouraged farmers, particularly those in the Northeast, to reduce their acreage and production of this easy-to-grow crop to 14.54 million tons of tapioca roots in 1981/1982. A 10% increase in production is expected in the next year, but it depends very much on the price level which has been influenced by agreements between the EEC and the Thai government on how much and how flexible the tapioca import quota would be.

**Rice:** In 1981/1982 the production of first crop paddy was 15.76 million tons which was a slight increase from the previous year. Though the planted area was just about the same at 56 million rai, the yield per rai went up from 271 to 279 kg. per rai. The second crop in 1982 went up slightly from 1.96 million tons in 1981 to 2 million tons, despite the government's attempt to limit the cultivation area by distributing irrigated water only to the smaller designated area. Its purpose was to lure farmers to grow more of other cash crops instead of rice and to check the decline in rice prices. The effort seemed to fail because there was perhaps even more risk in producing and marketing other crops during the period of falling prices for most crops. Thanks to a short period of drought in 1982, the yield per rai of the second crop paddy fell from 600 kg. per rai in 1981 to 550 kg. per rai.

When the production of first and second crop paddy, and a carry-forward stock are combined, the available amount of paddy last year was estimated to be 19.26 million tons, a 4.67% increase from the preceding year. Subtracting the quantity consumed domestically from this total would leave about 3.5 million tons of rice available for export last year. According to the Ministry of Agriculture, rice production in 1982/1983 is estimated to be about 16 million – 14 million from the first crop and 2 million from the second. This represents a 1.76 million ton or 10% decline from 1981/1982.

**Rubber:** Last year's production was 10% higher than in 1981, despite excessive rain which obstructed tapping. The price of rubber started to pick up in the second half of 1982, and this will boost up total production in 1983 to 540,000 tons – an almost 6% increase from last year.



**Maize:** As in the case of rice, the good weather and prices in 1981 encouraged farmers to expand their planted area and use better varieties in 1981/1982. Consequently, production rose from 3.15 to 3.7 million tons. However, the lack of rain at the beginning of the planting season was expected to push production down to 3.2 million tons in 1982/1983.

**Sugar cane:** A much-expanded cultivation area of sugar cane and an exceptionally good rain in 1981 brought a record high level of

cane output in 1981/1982. The cane production of just over 30 million tons was a very big jump from 18.65 million tons in the previous season. The output of refined sugar shot up to 2.7 million tons. And while domestic consumption is normally about 0.6 million tons, this left about 2.1 million tons of sugar to be exported last year. The amount proved to be excessive in a depressed world market which was plagued by steadily falling prices. A big sugar surplus carried forward from last year will force several cane growers to turn to other more attractive crops (e.g. tapioca). The

Table 1 : Production of Important Agricultural Commodities.

| Commodity                                      | Crop year 1980/81 |            | Crop year 1981/82 |            | % change |            | Estimate<br>Production<br>for Crop<br>year 1982/83 | % change |
|--|-------------------|------------|-------------------|------------|----------|------------|--|----------|
|  | Area              | Production | Area              | Production | Area     | Production |  |          |
| Rice (first crop)                              | 56.88             | 15.41      | 56.39             | 15.76      | -0.86    | 2.30       | 13.9   |          |
| Rice (second crop)                             | 3.22              | 1.96       | 4.00              | 2.00       | 24.22    | 2.00       | 2.0  |          |
| All rice                                       | 60.10             | 17.37      | 60.39             | 17.76      | 0.48     | 2.20       | 15.9   | -10.47   |
| Tapioca  | 7.78              | 17.90      | 6.61              | 14.54      | -15.00   | -18.80     | 16.0   | 10.04    |
| Maize  | 9.79              | 3.15       | 10.6              | 3.7        | 8.30     | 17.50      | 3.2  | -13.51   |
| Rubber (ton)                                   | 9.62              | 501,109    |                   | 510,000    |          | 10.00      | 540,000  | 5.88     |
| Tobacco leaves (ton)                           | 0.22              | 51,660     |                   | 82,000     |          | 58.80      |  |          |
| Sugar cane                                     | 3.09              | 18.65      | 3.64              | 30.26      | 17.80    | 62.25      | 21-22  | -29.00   |
| Sugar  |                   | 1.6        |                   | 2.67       |          | 66.79      | 2.1  | -21.21   |
| Sorghum (ton)                                  | 15.46             | 237,024    | 1.749             | 273,506    | 13.13    | 15.39      |  |          |
| Mung bean (ton)                                | 2.8               | 261,000    | 3.04              | 250,000    | 8.57     | -4.21      | 275,000  | 10.00    |
| Soy bean (ton)                                 | 0.788             | 100,022    | 0.797             | 135,000    | 1.14     | 34.73      | 150,000  | 11.11    |
| Pineapple                                      |                   | 2.13       |                   | 2.00       |          | -6.10      | 1.8  | -10.00   |
| Fishery (ton)                                  |                   | 1,791,848  |                   | 1,711,000  |          | -4.51      | 1,625,466  | -5.00    |
| Fishmeal (ton)                                 |                   |            |                   | 192,800    |          |            |  |          |
| Chicken less than<br>3 months old<br>(million) |                   | 176.8      |                   | 288        |          | 62.90      |  |          |
| Forestry                                       |                   | 3.414      |                   | 2.649      |          | -22.41     | 2.385  | -9.97    |

Area : million rai

Production : million tons

nature and the market condition will depress the output in 1982/1983 to only 21.22 million tons.

**Livestock:** The number of pigs raised in the first half of last year declined slightly as a result of lower pork prices. The situation improved somewhat in the second half as prices started to increase. The growth rate of poultry in 1981 was low because of losses by small raisers in 1980 when there was a surplus of

chicks. However, prices in 1982 steadily rose and the quantity of broilers picked up accordingly.

**Forestry:** Forestry production continued to suffer from a long-term decline due mainly to the government's strict policy on forest conservation which has limited the output of wood cut. In addition, building activities have been in recession for two years, depressing the demand for most construction materials, including wood.

**Fishery:** The catch of marine products in 1982 slightly increased from last year as the price of diesel oil was stable, thus leaving the production cost unaffected. Moreover, the Thai government successfully negotiated with a number of foreign governments to pave the way for Thailand's fishing industry to join with foreigners in operating in foreign waters.

It is believed that the sea fishing industry has a good potential for expansion. Meanwhile, the fresh water fish industry has encountered the problem of a new epidemic disease which destroyed millions of fish early this year. It is still not clear how the disease can be controlled. If left unchecked, a reduction in fresh water fish production could be quite drastic.

### Trade and Prices

**I**n 1982 most agricultural products suffered from significant drops of prices caused by excessive supplies in the depressed world market. The hardest hit were rice and sugar cane whose export prices plunged to very low levels, bringing serious losses to a large number of farmers and traders and reducing the purchasing power of consumers throughout the economy.

**Tapioca:** During the first half of last year, export trade in pellets and chips to the EEC was brisk as the demand by EEC importers for stock replenishment was on the rise. Moreover, it was expected that future export quotas to be distributed by the Foreign Trade Department would be based on past export records and that the 1982 harvest would be abundant. Thus, most Thai tapioca exporters rushed to conclude forward sale agreements in order to gain their shares in the future, even if the prices received then were low. As it turned out, an increase in 1982 production was not as high as expected, and some exporters had made losses when they had to fulfill their sale commitments by buying at higher prices.

In the second half-year, tapioca exports to the EEC were slow as the 5.5 million ton import quota imposed by the EEC was nearly filled. The total export of tapioca products for the whole of 1982 is likely to be over 7.5

million tons, worth almost 20,000 million baht — a record high in quantity and value.

In terms of prices, the average levels received by traders and farmers in 1982 increased substantially. Even though the prices in the first quarter were lower, they started to pick up in the following quarter, and then declined slightly in the last two quarters according to the export market condition.

**Rice:** The export prices of rice declined continuously throughout 1982. The first 8 months of the year, the average f.o.b. price of 5% rice was only \$309 per ton, compared with \$505 per ton in 1981. This represents a 39% drop during the period. As a result, both farm prices and Bangkok wholesale prices went down, despite the fact that the rice premium and other export barriers for rice were drastically reduced. For the first three quarters, the average farm price of first grade paddy dropped by 14% to 3,000 baht per ton in 1982 from 3,500 baht in the previous year. The average Bangkok wholesale price of 5% rice also declined by 20% in the first eight months of 1982, compared with that in the same period of 1981.

**Maize:** In the first 9 months of 1982, Thailand's maize export was 1.8 million tons, compared with 0.77 million tons in the same period of 1981. Some exporters made a loss of 15-20 dollars a ton in fulfilling the forward sale contracts made at the end of 1981 with importers in Taiwan, Japan, USSR and China. The total maize export last year was close to 3 million tons, which would represent over a 20% increase in value and volume. Local prices went up in the middle of the year as more export was delivered, but they declined towards the third quarter when Japan and Taiwan started buying maize from the U.S. instead of Thailand.

Last year Thailand agreed to barter its maize with fertilizers from the USSR and Rumania. The purchase of 200,000 tons by the Market Organization for Farmers directly from farmers in the second half of last year was for the barter for 100,000 tons of fertilizers. This purchase and the growing demand for maize by local animal feed manufacturers are expected to pull up prices at the beginning of the 1982/1983 season.

**Sugar Cane:** The very low world price of sugar and a huge surplus of sugar in the country depressed the price of sugar cane received by growers in spite of subsidies from the government. The ex-mill price of sugar cane went down from 650 baht per ton before the 1981/1982 season to as low as 300 during the season. An extra quota from the International Sugar Organization was given to Thailand last year, but it only helped to reduce the local surplus, while prices kept on sliding. It was estimated that there was a worldwide sugar surplus of 5 million tons, most of which was stocked by the EEC. The surplus is expected to continue depressing the world price of sugar in 1983, unless there are drastic output reductions in major sugar-producing countries.

#### Problems and Policies

**S**ugar cane: In the past, the highly fluctuating world price of sugar often created conflicts between sugar refineries and cane growers. While the price of sugar cane was determined before the harvest, sugar exporters had to take a risk in fetching the almost unpredictable world price. It was alleged that when the world price was high, the refineries and exporters reap all the benefit. But when the world price was low, the burden was passed on to the growers most of whom received the price lower than the determined level. An innovative proposal was made and accepted last year to regulate the shares of refineries and growers starting in the 1982/1983 season. A basic price of sugar cane ( $P_c$ ) was based on the net receipt on export sale ( $R_1$ ), the net receipt on domestic sale ( $R_2$ ), and the quantity of sugar cane produced ( $Q_c$ ). Specifically,  $P_c = (R_1 + R_2)/Q_c$ . Of this basic price, the growers would receive 70%, and the remaining 30% would go to the refineries. During the season the growers were to receive 80% of their share in the basic price or the amount set at 350 baht per ton for this season, while the remainder will be paid in October 1983 after  $R_1$  and  $Q_c$  are known.

With the likely production of 22-23 million tons of sugar cane, and the world price at 6.5-9 cents per pound, the price of sugar cane, according to the formula, will be between 306

to 370 baht per ton. Advocates of this new arrangement believe that this would be fair to both refiners and growers, and would encourage productivity in sugar cane growing and efficiency in refining.

To facilitate sugar export and to promote cooperation among growers, refiners and the government, a company owned by the three parties was established in order to export 600,000 tons of sugar in 1983. The company also borrowed 1,794 million baht from a syndicate of local and foreign banks to finance the price support in exchange for a long-term contract to sell sugar to some trading companies. Despite this apparently satisfactory-to-all approach, most believe that a continuing low world price of sugar this year will discourage small growers to produce sugar cane.

Accordingly, prices are likely to jump up again after 1983.

**Rice:** The government adopted several policy measures last year to support farm prices. These measures can be grouped into two categories:

1) **Direct farm price support:** The Public Warehouse Organization bought rice from millers by auction and stated that those millers should buy paddy from farmers at the officially-determined prices. At the same time, the Market Organization for Farmers and the Agricultural Cooperative Group bought paddy directly from farmers to create additional demand and firm up farm prices. However, these efforts proved to be insufficient to pull farm prices up to the determined levels. For instance, the farm price of 5% paddy was much below the official target of 3,750 baht per ton throughout the year.

Starting with the 1982/83 season, the Ministry of Commerce through the Public Warehouse Organization and the Department of Foreign Trade, together with the Market Organization for Farmers, would intervene in the market by buying both rice and paddy when the farm price of 5% paddy went below the floor price of 3,250 baht per ton. The floor level would be adjusted upwards every month starting from December 1982.

Table 2: Prices of Some Agricultural Products

(baht/ton)  
Farm Price \*\*\*

| Product                                | FOB Price<br>at Bangkok Port               |        | Bangkok<br>Wholesale Price |          |                       |        |
|--|--|--------|----------------------------|----------|-----------------------|--------|
|  | 1981                                       | 1982   | 1981                       | 1982     | 1981                  | 1982   |
| <b>First grade paddy</b>               |  |        |                            |          |                       |        |
| Q1                                     |  |        | 3,682                      | 3,336    | 3,372                 | 3,127  |
| Q2                                     |  |        | 3,956                      | 2,947    | 3,535                 | 2,972  |
| Q3                                     |  |        | 3,795                      | —        | 3,577                 | 2,883  |
| First 8 months                         |  |        | 3,877                      | 3,077    | 3,495                 | 2,994  |
| 5% rice                                | (US)                                       |        |                            |          |                       |        |
| Q1                                     | 484.5                                      | 332    | 6,479                      | 5,765    |                       |        |
| Q2                                     | 522.9                                      | 302    | 7,149                      | 5,284    |                       |        |
| Q3                                     | —  | —      | 6,616                      | —        |                       |        |
| First 8 months                         | 505.3                                      | 309    | 6,829                      | 5,462    |                       |        |
| <b>Maize</b>                           |  |        |                            |          |                       |        |
| Q1                                     | 3,684                                      | 3,266  | 3,370                      | 2,709    | 2,820                 | 2,210  |
| Q2                                     | 3,319                                      | 3,668  | 2,947                      | 3,317    | 2,243                 | 2,715  |
| Q3                                     | 3,227                                      | —      | 2,815                      | —        | 2,323                 | 1,930  |
| First 8 months                         | 3,502*                                     | 3,467* | 3,091                      | 2,996    | 2,462                 | 2,481  |
| <b>Tapioca</b>                         | (c.i.f. price at Rotterdam<br>for pellets) |        | (Pellets)                  |          | (mixed tapioca roots) |        |
| Q1                                     | 3,155                                      | 2,795  | 2,084                      | 1,867    | 613                   | 533    |
| Q2                                     | 2,944                                      | 3,090  | 1,889                      | 2,169    | 400                   | 580    |
| Q3                                     | 3,114                                      | —      | 1,911                      | —        | 393                   | 557    |
| First 8 months                         | 3,049*                                     | 2,942* | 1,970                      | 2,046    | 469                   | 613    |
| <b>Rubber sheet<br/>(second grade)</b> |  |        |                            |          |                       |        |
| Q1                                     |  |        | 16,789                     | 12,840   | 16,370                | 12,283 |
| Q2                                     |  |        | 15,037                     | 12,953   | 14,127                | 12,627 |
| Q3                                     |  |        | 14,583                     | —        | 14,407                | 13,480 |
| First 8 months                         |  |        | 15,689                     | 12,873** | 14,968                | 12,797 |

\*six-month average

\*\*seven-month average

\*\*\*nine-month average

2) Export Push: To reduce rice in stock before the harvest, the government decided to use the following measures:

a) Export liberalization: The government reduced most export burdens during October 1981-May 1982 by cutting the rice premium rates for all types of rice by 40-70% and abolished the required rice reserve altogether.

It was estimated that the export burden has been reduced by 50-60%.

b) New Markets: The Ministry of Commerce has been seeking new markets for Thai rice by sending trade missions abroad to secure government to government contracts. Even though those sales fetched low prices

with a one-year credit given to buyers, especially in African markets, they helped reduce the surplus of low-quality rice.

These policy measures showed some positive results in the second half of last year when local rice prices started to pick up slightly. The real test for the effectiveness of the measures will be known this year. The upcoming election is also expected to force the government to intensify its efforts in raising the farm price levels in many politically crucial rice producing areas.

**Tapioca:** The import quota imposed by the EEC on Thai Tapioca products has prompted the government to adopt a policy of reducing the tapioca planting area in the Northeast and temporarily curbing the capacity expansion of tapioca-processing factories. However, it is not certain that the tapioca area will actually be reduced, since at the moment other alternative crops, particularly sugar cane, are facing marketing problems.

**Maize:** The main trade problem for maize arises from losses incurred by exporters who charged low export prices when forward sale contracts were made, but had to pay higher prices when delivery was due. This sometimes led to contract defaults.

Last year the government liberalized the maize export trade by abolishing a minimum export price and export quota. This has resulted in brisk trade which boosted local maize prices, which, for instance, remained high even when the Chicago prices went down. Direct purchases from farmers by the Public Warehouse Organization also contributed to higher farm prices.

#### Prospects in 1983

**F**or most agricultural products, prices are expected to increase in 1983, whose production will be down mainly because of the low prices last year. The world's total production of rice in 1982/1983 is expected to go down by 8 million tons due to droughts in some parts of the world. On the other hand, the world's total output of maize is expected to improve slightly, but little adjustment in world prices is anticipated. More Thai maize

will go to the USSR and South Korea, as such traditional markets as Japan and Taiwan will absorb more US maize. Meanwhile, the US sugar import quota, which was made more restrictive last year, will adversely affect Thai sugar export. For Thailand's most exported crops, their world prices will firm up, but their volume is expected to be low so that export earnings from them are likely to dip. ●

- A most difficult year in the past decade as demand fell due to world recession and lower agricultural prices
- Investment dropped drastically
- Textiles: large producers cut production to reduce stocks; surcharge increased to prevent dumping of synthetic fibre; export of garments still growing strong
- Construction materials: slow building created low sales for every product; cement export increased substantially; fierce competition in ceramic; chronic sickness in iron and steel
- Glass containers: market still depressed; capacity utilization only 50%
- Paper: surcharge on paper pulp protected infant industry, a government factory in Kanchanaburi closed down
- Agro-industries: buoyant export demand for canned pineapples and seafood; competition from imported palm oil in the vegetable oil industry was prevented by a surcharge; sales declined in animal feed
- Vehicles, machinery and appliances: smaller rural markets; policy direction still unclear in car industry; tariff reductions in electrical goods and Tanin Co. problem; no significant improvement is in sight
- Tin: woes continued as prices plunged under weak demand; production and export decline while export quote was in force; royalty cut is imminent

**T**he year 1982 has proved to be the most difficult year in the past decade for Thailand's manufacturing industries. Most industries, large and small, suffered from sales and extended inventories. Analysts blame it all on the economic recession in industrialized countries — the recession brought about by a host of factors: high and fluctuating interest rates in 1981, oil price doubling in 1979/80, exchange rate instability, business cycles, protectionism, etc. Whatever the cause, the economic slowdown had depressed world prices of Thailand's major agricultural exports, thus lowering farm prices and checking the growth of purchasing power in rural areas. While several industries have to rely on rural consumers and the so-called "multiplier effect" of farm income, the shrinking market seriously affected the sales of these industries. For some industrial products, excess supplies in large producing countries were dumped onto the Thai market, causing further injury to struggling domestic producers.

Pessimism of future market expansion seemed to prevail in 1982, particularly in the first half-year. This was clearly reflected in industrial investment statistics. During the first ten months of 1982, the numbers of firms applying for and receiving BOI's promotional privileges declined significantly from those in the same period of 1981. Total promoted investment fell drastically by at least 80% — an unprecedented investment drop in the history of industrial promotion. Capital spending on new factories in the first half of 1982 was only 50% of that in the first half of the year before. However, there were signs that investment had picked up slightly in the second half-year as the number of new plants increased by 24% in July, but the investment climate was still pretty cloudy.

The picture was mixed for the textile industry. The domestic market which accounted for at least half of local output was depressed by low farm prices and rural demand. Consequently, the spinning and weaving sector suffered from low sales throughout the year. While the sector's production capacity increased by 10% from 1981 and its market was stagnant, an excess supply amounted to 20% of the capacity, and stocks kept piling

up. Finally, most large producers agreed to cut down their production and the average rate of capacity utilization was kept down as low as 75-80%. Layoffs and working days reduction were widespread in the industry.

The most-suffered branch of the industry was clearly in synthetic fibre production. A 20% drop in local sales, together with dumping from Taiwan, forced local producers to reduce production by 10%. A 10% surcharge which was imposed on imported fibre in early 1982, proved to be inadequate in curbing cheap imports. And after some haggling between fibre producers and weavers on the issue of a surcharge increase in December 1982, the government decided to double the surcharge rate, hoping that the added protection would be sufficient and at the same time not too damaging to the spinning and weaving sector which has to buy fibre for its raw material.

Amidst difficulties in other textile sectors, garments production seemed to be immune from the recession disease. Spurred by a high growth in export, the production and sales of garments went up in 1982 by at least 20%. The robustness of the garments sector can be attributed to its high degree of labour intensity in which Thailand has become more competitive. Moreover, as a relatively small textile exporter, Thailand has been exempted from drastic cuts in import quotas imposed by various industrialized countries. Last July, Thailand and the EEC reached an agreement under which textile products from Thailand to the EEC were allowed to increase in 1983 by rates ranging from 2% to 90%, depending on the product type.

Although foreign demand for Thai textile products, especially garments, will increase at a satisfactory rate, the local market for textiles is not expected to improve substantially in 1983, unless farm prices move up considerably. Oversupplies in yarn and unfinished cloth should divert funds and efforts towards bleaching, dyeing and printing processes which still have room for improvement. This will encourage garments-export producers, who so far have had to rely mainly on foreign raw materials, to use more local cloth of better quality.

Application of BOI's Promotion

| Period      | Number | Investment<br>(million baht) | Registered<br>capital<br>(million baht) |
|-------------|--------|------------------------------|---|
| Jan-Oct '81 | 217    | 103,348                      | 11,948                                  |
| Jan-Oct '82 | 169    | 14,946                       | 3,901                                   |

Approval for BOI's Promotion

| Number | Investment<br>(million baht) | Registered<br>capital<br>(million baht) |
|--------|------------------------------|---|
| 142    | 48,439                       | 6,051                                   |
| 98     | 9,563                        | 2,882                                   |

### In the doldrums

**W**ith building activities in the doldrums, most construction-related industries suffered serious downturns throughout the year. Last year's declining domestic demand and a capacity expansion in 1981 led to high inventories of cement. Relief came from export sales which shot up from only 9,900 tons in 1981 to 70,000 tons during January-November 1982. It is recognized, however, that the production cost of Thai cement is still not internationally competitive, and the export had to be sold at prices below domestic charges. The prospect for future export still looks bright as local producers are trying to cut energy cost by switching from the wet process to the more energy-efficient dry or semi-dry process. The Siam Cement Co. will be using natural gas this year to replace more expensive fuel oil, while the Siam City Cement Co. started using imported coal last year. It is expected that these improvements will eventually reduce the f.o.b. price of Thai cement, which is now about \$43 a ton, compared with around \$39 a ton of cement from Korea, Japan and Taiwan.

For the ceramic and sanitaryware industry, 1982 was a crisis year when the capacity utilization rate plunged to 50%, sales dropped by 20% - 35%, and inventories were equivalent to three months' sales. Fierce competition prevailed in the form of price cutting and product differentiation. No recovery is expected in 1983, but producers still hope for better trends in the long run.

The prices and production of both chemical and plastic products suffered considerably during 1982. It has been estimated that production capacity during last year was between

40 and 87%. The reason cited was a substantial drop in demand during 1982 with figures for this year expected to be slightly improved.

The recession is becoming chronic for the iron and steel industry whose main products are wires, rods and bars for construction. For three years in a row, the industry has suffered from a very low derived demand. Only 35% of its capacity was used in 1982. And even at that low level of production, stocks were still too high. Prices were slashed to 20% below the controlled maximum prices as a result of cut-throat competition in early 1982, but they firmed up later in the year when most producers agreed not to resort to price-cutting tactics. The only immediate hope for a revival in construction materials demand hinges upon falling interest rates which should induce more private investment in building this year. In the longer run, most producers look forward to large construction projects resulting from natural gas utilization, eastern seaboard industrial development, and overseas contracts in the Middle East.

The effect of higher excise taxes on soft drinks and beer in 1981 continued to depress the market for beverages and, consequently, the demand for glass containers. The rate of capacity utilization for the glass container industry was reduced to 50% in 1982. Glass containers for pharmaceutical products, cosmetics, and food were also down in sales, and prices charged by small and medium producers were cut by 10-30%. The situation in 1983 is expected to remain the same as last year, and will perhaps improve with better general economic conditions afterwards.

A classic example of an infant industry being protected can be seen in paper pulp pro-

duction. The Phoenix Pulp Co. became a victim of world economic recession. The company, which started production last year in Khon Kaen using kenaf as its raw material, had to struggle with falling world prices of paper pulp (\$260 a ton in October 1982 against \$650 a ton at the time of construction). The government tried to rescue the industry by imposing a 33% surcharge on imported pulp. The measure seemed inadequate as the company approached the Bank of Thailand for rediscount facilities to increase the credit in buying kenaf.

Most paper factories experienced market difficulties. A government owned factory in Kanchanaburi was finally closed down last year after it had accumulated a loss of 76 million baht in the past 10 years. Meanwhile, a newsprint production project was temporarily shelved as the price of imported newsprint continued to tumble due to overproduction worldwide.

#### Promising agro-industries

**F**or the agro-industries which rely mainly on overseas markets, the demand for their products was rather buoyant in

1982 and still looks rather promising in the years to come. The exports of canned pineapple and frozen seafood from Thailand during January-August 1982 rose in value by at least 25%, and their export prices also increased. The only problem was on the supply side. Serious shortages in pineapples last year pushed up their price from one baht a kilo in 1981 to 1.80 baht in October 1982. The problem will continue into 1983 and is expected to be solved a year and a half from now when pineapples begin to bear fruits. The Ministry of Commerce decided to lift the export control on canned pineapples in October 1982. The move is believed to help promote exports of the product even further.

In contrast, the agro-industries which produce for domestic markets fared worse last year. The vegetable oil industry was threatened by cheap imported palm oil which was allegedly dumped by Malaysia. A 15% surcharge was imposed on the import early 1982; and the rate was increased to 25%, coupled with an import quota. Consequently, the situation for local refiners improved slightly towards the end of the year, as domestically produced raw materials (soy bean and rice bran) became cheaper. Their only problem was a lower re-

Tin Production (Metric ton)

|    | Ore    |        | Metal  |        |
|----|--------|--------|--------|--------|
|    | 1981   | 1982   | 1981   | 1982   |
| Q1 | 16,450 | 14,221 | 11,138 | 10,030 |
| Q2 | 8,292  | 7,258  | 7,194  | 5,175  |
| Q3 | 6,910  | 5,400  | 5,240  | 4,395  |
| Q4 | 31,652 | 26,879 | 24,572 | 19,600 |

Source: Department of Customs e: estimate

venue from the sale of soybean waste to animal feed producers, because the price of soybean waste also fell. But this did not seem to help the animal feed industry which suffered from a continuous decline in sales of its products throughout the year. An oversupply in chickens depressed their prices so much that in some periods last year chicken raisers sold their broilers at a loss. The industry's pessimistic mood has already discouraged some

Tin Metal Export

| 1981                  |                    | 1982                  |                    |
|-----------------------|--------------------|-----------------------|--------------------|
| Quantity <sup>1</sup> | Value <sup>2</sup> | Quantity <sup>1</sup> | Value <sup>2</sup> |
| 10,512                | 3,012              | 10,176                | 3,418              |
| 8,268                 | 2,275              | 4,667                 | 1,359              |
| 4,921                 | 1,540              | 4,344                 | 1,236              |
| 23,701                | 6,827              | 19,187                | 6,013              |

1. Metric ton  
2. Million baht

potential investors from setting up more animal feed factories, at least in the next few years.

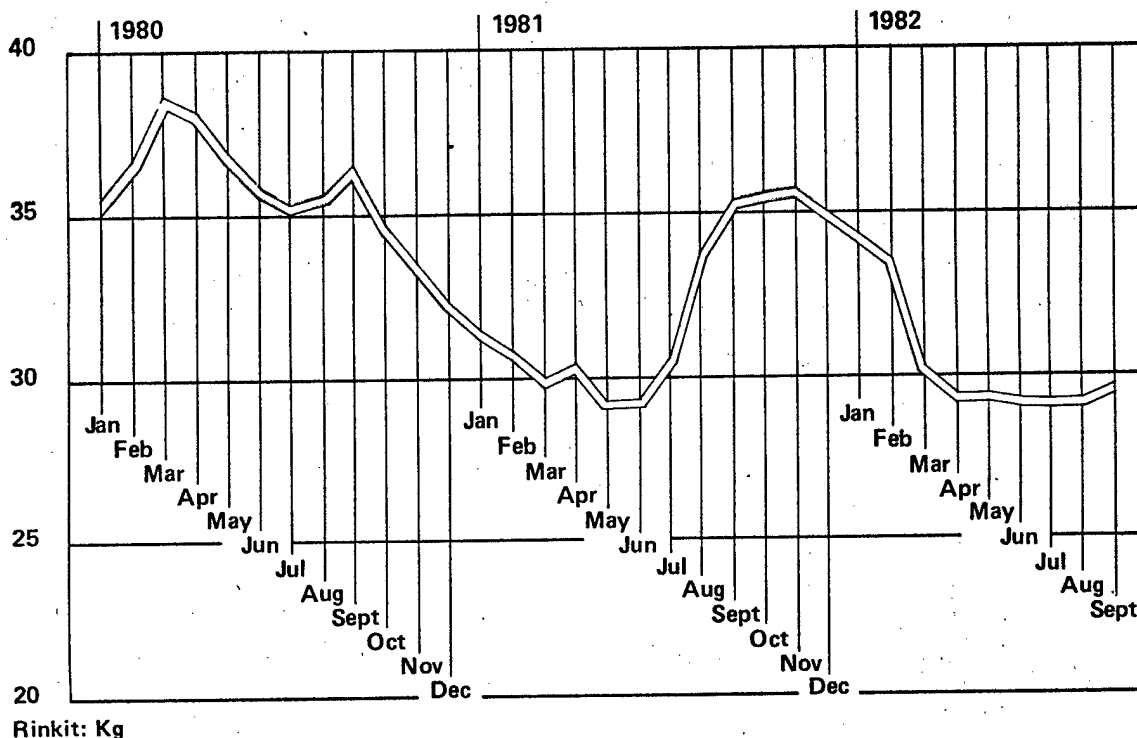
#### Depressed Markets

**T**he low purchasing power in rural areas has widely depressed the markets for motor vehicles, farm machinery, and several electrical appliances. The most obvious



# TIN PRICE AT PENANG

1980-1982



case is exemplified by the motorcycle assembling industry which used only 50-65% of its production capacity last year because of plunging demand and growing stocks. Exports also declined drastically, apparently because the 70% local content requirement made it more costly to produce motorcycles locally. Sale statistics for all types of cars for 1982 show downward trends, particularly for large passenger cars and trucks. Because of progressive tax rates based on engine size, people began to shift towards small cars and even pick-ups. Some policy changes occurred last year which affected the car-assembling industry. The local content requirement was raised to 45% in August 1982 and will probably be frozen at that level for a period longer than originally planned. It was decided that CBU for some models would be allowed to be imported starting this year, although the criteria to be used in this liberalization move have not been worked out. The mechanism of exchanging export credit derived from spare parts for

CBU import permits is not yet clear. It seems that eventually the import will adversely affect local assemblers. The Ministry of Industry last year also allowed another Japanese car (Honda) to be assembled domestically. This was clearly a reverse of the trend towards limiting the number of brands and models in order to cut waste on small-scale production. At the moment, the policy direction concerning this highly-protected industry is not at all clear. Meanwhile, there were signs at the end of 1982 that car sales had improved as more capacity was utilized and the supply of credit for hire-purchase was relaxed.

Without exception, all electrical appliances became victims of stagnant demand. In February 1982, the tariff rates of most electrical products were reduced to 40% for finished products and to 10% for parts. More reductions of the tariff rates of other high-taxed products were made in October last year. The main purpose of these changes seems to be that

the government wanted to discourage smuggling and hoped that more tax revenue could be collected. At the same time, the consequent decrease in protection for electrical-product assemblers would encourage efficiency and benefit consumers. However, one of Thailand's most enterprising manufacturers, the Tanin Industrial Group, was adversely affected when the reductions of tariff rates on CKD parts to the level below those of imported raw materials made it unprofitable to produce electrical parts locally. An expert points out that one way to solve all these tariff protection problems is to equalize tariff rates on products of all stages, whether they are finished, semi-finished, parts, or raw materials.

There was an effort to legalize those small factories assembling air-conditioners, refrigerators and other appliances in order to enforce standardization. More policy measures can be expected in the future to rationalize some of the activities in this complex industry. On the market side, it is expected that the situation in this year cannot get worse than in the year before, but any improvement will not be significant.

#### Tin woes

**T**he tin miners' woes continued in 1982 when the export tin prices started to fall again early in the year. The depressed demand for tin in most industrialized countries and the US release of tin from its strategic stockpile in December 1981 are said to be the main causes of declining tin prices. The International Tin Council decided to buy 8,000 tons of tin off the market in May 1982 to support prices. In addition, export quotas have been imposed on all producing countries since the end of April 1982. These measures seemed to have stabilized tin prices, though at relatively low levels, e.g. 30 Malaysian dollars a ton at Penang in September last year, 35-36 dollars a ton in September 1981. Discouraged by low prices, tin production in Thailand for last year fell even further in 1982, with the estimated decrease of 13% from 1981. The value of export also declined in the first three quarters by 12%, mainly because of a 20% drop in export volume. To make things worse, the quarterly export quota for

Thailand did not correspond with the seasonality of production in Thailand where off-shore production is affected by the monsoon. As it turned out, the export quota for the last quarter of 1982 (4,768 tons) would be at least 2,000 tons smaller than the actual output in that quarter. Part of the surplus was to be bought and stocked by the government. Meanwhile, the Department of Mineral Resource proposed last December an across-the-board cut in tin royalty by 400 baht per picul to alleviate the plight of local miners. If the proposal is approved, and there is a good chance of approval, it will be the second royalty reduction in two years, following a 10% reduction in July 1981. Experts believe that only the world economic recovery, which will strengthen the industrial demand for the metal, can revitalize the tin-mining industry.

#### Hardly any escaped unhurt

It is clear from the review above that the effect of last year's world recession on Thailand's manufacturing industries was rather widespread. Hardly any industries escaped unhurt. While the cause came from external sources, the cure would probably emanate from outside the economy. The government resorted to some degree of protectionism, e.g. surcharges on imports of palm oil, synthetic fibre, and paper pulp. The surcharges were supposed to be a temporary measure to alleviate, but not to solve the problem. The year 1982 was a time to test the strengths and weaknesses of our industries. It is evident that most of those which performed well are export-oriented and labour-intensive manufactures, e.g. garments, canned pineapples, and canned seafood. One of the lessons learned from this troubled episode is that the only guarantee for industrial strength is competitiveness based on one's own comparative advantage. Let us hope that we will not only wait for world economic recovery, but will also ensure that those protectionist walls, temporary or permanent, are gradually dismantled. ●

- The worldwide oil gult continued in 1982 into 1983

- Thailand's oil consumption went down two years in a row
- Oil import declined by 10%
- Shortfall in gas from Union Oil led to a call for reserve redetermination
- Gas use substituted 1,400 million litres of fuel oil
- Huge investment projects related to gas are in the offing; PTT's ability to handle big projects is questionable
- Will Siam Cement get enough gas?; what will happen to Texas-Pacific's gas?
- The "Phet" crude started to flow this year from a 30-million barrel reserve with a provisional price of \$29 per barrel
- A production-sharing feature was added on to the royalty-tax system
- Local refining capacity will expand to 250,000 bpd
- Less worry on oil price and supply in 1983

**F**or the first time since the first oil crisis in 1973/1974, there was in 1982 a worldwide oil glut for an extended period. The OPEC experienced a serious rift in its attempt barely to maintain its reference oil price at \$34 a barrel for Saudi light crude, when it failed to enforce the export ceiling of 17.5 million barrels a day as some of its members defiantly exceeded their assigned quotas. What brought about the glut was a falling oil demand caused by economic recession and energy conservation in several major oil-consuming nations. The weakening oil price, which was expected to continue into 1983, provided a badly needed breathing space for oil-importing developing countries. The situation in 1982 proved that in this increasingly interdependent world, when the rich demand less, the poor can buy (and sell) cheap

#### Weak oil demand

For the second year in a row, Thailand's consumption of oil, which accounted for 70%

of its total energy need in 1981, went down last year. Most significant was a 28% drop in fuel oil demand during the first nine months of the year. The decline was caused by a combination of recession and energy saving in the industrial sector, the second largest consumer of fuel oil, and more significantly, by the substitution of natural gas for fuel oil in electricity generation. Gasoline consumption remained constant during the period, but its use pattern changed dramatically. Prior to December 1981, it was normal for the consumption of premium gasoline to exceed that of regular gasoline. Then the government raised the excise tax on premium gasoline and widened the price differential between the two products from .50 satang to 2.05 baht

per litre. Its express intention in this move was to reduce a deficit in the oil fund which has been used in subsidizing kerosene and LPG users. But, as it turned out, a large number of car users started substituting regular gasoline, and to some extent, LPG, for the much more expensive premium fuel.

As a result, the sale of premium gasoline dropped by an unprecedented 35%, while that of regular gasoline and LPG shot up by 39% and 47% respectively in January – September 1982. The consumption ratio of regular/premium gasoline is now about 2 to 1. In our mid-year review, we argued that in the long run this price distortion would not lead to a government revenue increase and foreign exchange saving. What happened throughout the previous year seems to convince us more that the oil pricing policy should be revised. An improvement was made last year when a subsidy on LPG used in motor vehicles was abolished. But the question remains whether and how much subsidy on LPG used in cooking has been illegally transferred to LPG car users.

While the demand for liquid fuel declined by 9% in the first three quarters of 1982, the volume and value of oil imports also decreased by about 10% in the first eight months. The value of imported oil in 1982 was expected to be around 56,000 million baht, 10% less

than that in the year before. Such a reduction played a significant role in narrowing the trade gap which was estimated to be less than 40,000 million baht, compared with 65,000 million baht in 1981. The stable prices of imported crude and oil products also helped

#### Oil Consumption

Unit: Million litre (except million kg. for LPG)

|                    | 1981<br>(Jan - Sept) | 1982<br>(Jan - Sept) | %<br>change |
|--------------------|----------------------|----------------------|-------------|
| Regular gasoline   | 733                  | 1,021                | + 39        |
| Premium gasoline   | 841                  | 545                  | - 35        |
| Kerosene           | 280                  | 326                  | + 16        |
| High-speed diesel  | 2,954                | 3,045                | + 3         |
| Low-speed diesel   | 57                   | 48                   | - 16        |
| Fuel Oil           | 3,058                | 2,195                | - 28        |
| LPG                | 162                  | 239                  | + 47        |
| Total (except LPG) | 7,923                | 7,180                | - 9         |

to keep inflation at a low level. In fact, there were calls from various sides for reductions in the retail price of gasoline and in the price of imported oil charged by Saudi Arabia.

#### Smaller gas reserves

The brilliant hope that 1982 would usher in an era of natural gas has been somewhat dimmed by a shortfall in the quantity of gas supplied by Union Oil Co. from its Erawan field in the Gulf. The amount of gas sold to the PTT which it delivered to EGAT's power plants in South Bangkok and Bang Pakong ranged from 120 to 150 million cubic feet a day (mmscfd) — the amount much below the contracted 200-250 mmscfd. At first it was reported that excessive heat in the gas wells was to blame for the shortfall. Then came the bombshell. Union Oil wanted to redetermine the gas reserve in the field which it claimed was only one third of the originally estimated 1.58 trillion cubic feet. It also would like to adopt a guaranteed monthly supply to the PTT instead of a daily contract amount currently in use. The move was apparently prompted by the fact that the Erawan geological structure is more complex than it was thought to be, and more difficult to extract the gas. The company also decided that

it would install more drilling platforms and spend \$550 million more to boost gas production. This would increase production to 200 mmscfd by the end of 1983. The proposal for these changes was not fully accepted by the government, and negotiations between the two parties have not resulted in any agreement. Meanwhile, to show that the gas shortfall was not regarded as a 'force majeure', and thus a fine could be imposed as stipulated in the contract, the PTT has been paying only 80% of the full gas price to the company since July 1982.

In spite of the shortfall, the gas from the Erawan field provided a significant amount of energy which substituted for imported fuel oil. In 1982 Thailand used about 55,000 million BTU from the gas which is equivalent to 1,400 million litres of fuel oil, or almost 4 million litres of fuel oil a day, compared with the fuel oil consumption of nearly 10 million litres a day in 1981. The foreign exchange cost of the fuel oil replaced by the gas was over 6,200 million baht in 1982 a sizable plus in the balance of payments. In addition, the government received from the sale of gas and condensate a royalty which amounted to about 2,600 million baht in 1982.

While it is likely that gas production from the Erawan field will eventually be lower than anticipated, it is reasonable to believe that the shortfall will not seriously affect the PTT's plan on gas utilization in the long run. According to the second gas sale agreement with Union Oil which was signed last year, the PTT will receive gas from the company's new gas fields in blocks 10-13 starting in early 1985 at the rate of 150 mmscfd and increasing to 300-400 mmscfd from the end of 1986 onwards. By 1985, assuming that production from the Erawan field will be 200 mmscfd, the total gas supply from Union Oil will reach 350 mmscfd, which is more than enough to be processed in the first gas separation plant scheduled to be completed in early 1985.

It should be noted that a huge sum of money will have to be invested by the PTT before offshore natural gas can be utilized as

planned. The following investment projects are in the offing:

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|   |                 |
|---|-----------------|
| — the gas separation plant                |                 |
| first stage :                             | US\$200 million |
| second stage :                            | \$200 million   |
| — the second pipeline from Union Oil's    |                 |
| Block 10-13 :                             | \$200 million   |
| — the third pipeline from Texas Pacific's |                 |
| concession area :                         | \$300 million   |
| — more offshore compressor stations :     | \$ 80 million   |
| — a pipeline to Kanom power station :     | \$200 million   |
| — an ethylene cracking plant :            | \$250 million   |
| — LPG marketing facilities :              | \$ 35 million   |

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In addition, the private sector, both Thai and foreign, will have to put more investment in such projects as gas production development, a petrochemical downstream complex, and a soda ash plant. The cost of these investment project adds up to billions of US dollars in the next years. One starts to wonder whether some of these projects are economically worthwhile. A big question is whether the PTT will successfully handle these large undertakings.

#### As for the year concerned

It is interesting to follow the development of two issues on offshore gas. First is whether and how much gas will be supplied to Siam Cement for its Ta Luang plant in Saraburi. The company has invested some 1,250 million baht in laying an 180-km pipeline to receive gas from the PTT's main line in Bang Plu, and it required about 30-50 mmscfd for its plant. While Union Oil's gas supply to the PTT is still expected to be below target, it is unlikely that Siam Cement will get all the gas it wants at the expense of the EGAT's power plants. Another issue concerns the plan for Texas Pacific's gas.

Though the government decided in July last year that it would allow Texas Pacific to export its gas in quantities which will not affect domestic gas consumption, the issue of who will be in control of a \$3.5 billion gas liquefaction project has not been resolved. The government wanted to limit foreign

ownership in the project to 40% of equity and to have a Thai-owned "pilot firm" as the major shareholders. On the other hand, Texas Pacific, claiming the first right to sell the gas, as stipulated in the Petroleum Act, would like to be the controlling partner of the project, or else it would seek international arbitration. A failure to resolve this issue will certainly delay or even stop the plan to export Thailand's LNG to Japan.

**A**s for onshore petroleum exploration, the good news is that Thai Shell started producing oil from its Larn Krabur field, which was officially named "Sirikit Oilfield", in early January 1983. The oil flow was to be 5,000 barrels a day (bpd) at the initial stage, and it will rise to 17,000 bpd by 1985. The company estimated that the size of the recoverable oil reserve in the area was 30 million barrels. Thus, at the yield of 20,000 bpd, the productive life of the field is about 4 years. To boost production in the future, Thai Shell has planned to drill more exploration wells in its remaining 10,000 square kilometre concession.

No agreement has been reached on the price of the so-called "Phet" crude which will be sold to the PTT. But to facilitate early production, the government and Thai Shell agreed on a provisional price of \$28.84 a barrel which is half-way between \$32.18 proposed by Thai Shell and \$25.50 offered by the government. The associated gas will be sold to EGAT to fuel a gas-fired power plant nearby at the rate of 600 mmscfd in early 1983, and the volume will rise to 15 mmscfd in late 1983. The agreed price of gas was reported to about \$2 per one million BTU, which is still cheaper than offshore gas.

After finding a limited amount of gas in Nam Phong in the Northeast, Esso Exploration and Production Khorat Inc. moved to explore in Channabot and Kaset Sombun. There was a report that a big gas well was probable in Channabot, but a confirmation has yet to be made by the company after more drillings. Meanwhile, the gas in Nam Phong, which had a testing flow rate of 28 mmscfd will be subject to price negotiations between the government and Esso this year.

#### More bonus

As exploration activities have been stepped up and more hydrocarbons have been found in Thailand, the government decided last year to incorporate a "production-sharing" feature into the old "royalty and tax" system which

had been used since 1971. The new condition requires a concessionaire to pay on top of the usual royalty and profit tax, a bonus to the government at a rate ranging from 27.5% to 43.5% of sale value when oil production exceeds 10,000 bpd. Moreover, de-

**Breakdown of government benefit under the new concession system**

| Production                     | below 10,000bpd | 10,000-20,000bpd | 20,000-30,000bpd | above 30,000 |
|--------------------------------|-----------------|------------------|------------------|--------------|
| Sale value                     | 100             | 100              | 100              | 100          |
| Royalty                        | 12.5            | 12.5             | 12.5             | 12.5         |
| Deductible expenses            | 20              | 20               | 20               | 20           |
| Bonus                          | 0               | 27.5             | 37.5             | 43.5         |
| Profit tax                     | 33.75           | 20               | 15               | 12           |
| Net profit                     | 33.75           | 20               | 15               | 12           |
| Government's share             | 46.25           | 60               | 65               | 68           |
| (Royalty + Bonus + Profit tax) |                 |                  |                  |              |

ductible expenses each year must not exceed 20% of the value of petroleum sold in the same year. Under the new system, the government's share would increase from 46.25% of oil sale when production is below 10,000 bpd to 68% in the case of production exceeding 30,000 bpd. M.G.F. Oil Corp., was the first company to obtain a concession area under the new system. The 5,000 square kilometre area awarded, just west of Thai Shell's Sirikit Oilfield, has a good potential for yielding hydrocarbons.

#### Refine more

In an effort to reduce the country's dependence on import of finished petroleum products, the government last year approved a plan for Thai Oil Refinery Co. (TORC) to expand its refining capacity from 65,000 bpd to 120,000 bpd. The refining process will be switched to hydrocracking which yields proportionately more lighter products, particularly diesel oil. The \$850 million expansion project is scheduled to be completed in early 1987. Esso also planned to expand the capacity of its refinery by debottlenecking from 45,000 bpd to 63,000 bpd, and if approved by the government this year, construction

will be completed in 1985. The government owned Bang Chak refinery, whose present capacity is 65,000 bpd, is likely to enlarge its capacity in the future, but the exact magnitude of expansion is still under consideration. According to the fifth economic and social development plan, the total domestic refining capacity will increase to 280,000 bpd in 1986. However, because of expected lower demand for oil products, the total capacity is likely to be around 250,000 bpd. It is expected that by 1992 the refining output will satisfy total local demand for almost all types of oil products.

#### Less worry

The local energy scene in 1982 looked severe and quiet, except for some frantic efforts by most oil companies to get rid of a surplus of gasoline and an uncertain fate of "illegal" LPG stations. There was excitement on the forthcoming oil from Larn Krabur, and anxiety on the shortfall of Union Oil's gas. With more use of locally found oil and gas, and an expected continuation of the worldwide oil glut, Thailand is entering 1983 with less worry on oil import price and supply disruptions than in the past nine years. ●

## MILITARY AFFAIRS AND PUBLIC SECURITY

### CORRUPT PERSONNEL OF HANOI COOPERATIVE PUNISHED

Hanoi HANOI MOI in Vietnamese 21 Jan 83 p 4

[Text] In June 1981, the Hoan Kiem Precinct Bank discovered a great deficit from the fund of the Ma May Stevedoring Cooperative. Following an inspection, it was found out that from December 1979 to May 1981, Dong Minh Vuong, the cooperative's chief accountant, connived with a team head named Nguyen Van Hung in falsely raising the cargo handling charges paid to the cooperative members, thereby setting aside a sum of 81,416 dong and sharing it between both of them. Vuong also acted in complicity with Hoang Van Teo, a team head in the Cho Mo area, to appropriate 17,000 dong. Teo would be prosecuted in a separate trial.

The trick employed by the Hung-Vuong clique to falsely declare the cargo handling charges paid to cooperative members consisted in making out two vouchers, mentioning the sum of money actually paid on the one and increasing this amount 10-fold on the other. When asking an agency which owned the handled goods to put its signature in testimony whereof, this clique placed the true voucher above the false one so that the goods owner would be willing to set his signature to these documents with full confidence. Chief accountant Dong Minh Vuong would then ratify all the false vouchers and send them out to receive payment. In this manner, for every 1,000 dong paid for cargo handling charges, this clique increased it 10-fold in the statements and withdrew 10,000 dong.

This offense was committed in a fairly long period of time, involved large sums of money and caused losses to the socialist property. To carry out their embezzlement trick, the Vuong-Hung took advantage of the organization's and cadres' confidence, the slack control exercised by the agencies who owned the goods and the managerial shortcomings of the cooperative management board.

To severely punish these corrupt persons who made false declarations about cargo handling charges, the Municipal People's Tribunal in its recent first instance session handed down the following sentences:

Dong Min Vuong, 15 years in prison and payment of 41,636 dong in indemnities.

Nguyen Van Hung, 13 years in prison and payment of 41,636 dong in indemnities.

The two culprits' property including television and radio sets, ceiling fans, tape recorders, bicycles...would be confiscated to ensure execution of the indemnification sentence.

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## MILITARY AFFAIRS AND PUBLIC SECURITY

### CHINESE SAID TO ENTICE VIETNAMESE ACROSS BORDER FOR SPY TRAINING

Hanoi QUAN DOI NHAN DAN in Vietnamese 6 Mar 83 p 2

[Article by Dang Ngha: "The Border Open-Air Market"]

[Text] When they heard that China had opened open-air markets in the villages along the border which sold many new kinds of merchandise and had attractive amusements, some youths in village T abandoned their work to go to the Chinese market to have a good time and buy Tet goods.

Among those youths was Luc Van Khin, 26 years old, who was tall and stong but was a big eater and very timid. Khin crossed the border just before dawn, and when he arrived at the market it was broad daylight. Khin had neither money nor forestry products to exchange for merchandise at the Chinese market, so he went merely to look at the goods being sold at the market. Tired after his long journey, Khin rested for a time at a temporary sundry goods store in front of which there was a sign which read, "Store Reserved for Vietnamese Friends." The store's manager was a Chinese man about 40 years old. He looked Khin over from head to toe, then asked in rather fluent Vietnamese, "What do you need to buy, my young Vietnamese friend?"

Khin appeared to be confused and stuck his hands into his empty pants pockets. Seeing that, the manager continued, "Come in and have a drink of water. If you don't have money you can buy on credit and pay later."

Khin followed the manager into an inner room. The manager introduced himself as Vuong Hanh, who had been a merchant in the city of Lang Son but returned to China at the end of 1978, in response to an appeal by the "Great Chinese Motherland." Vuong Hanh enquired about the situation in Luc Van Khin's Village and in Lang Son City. Khin responded rather fluently to Vuong Hanh's questions, many of which concerned the military, political, and security situation in the border area.

After a long conversation, Vuong Hanh told Khin, "You are a youth who is alert and who knows a lot. We Chinese have great respect for such people, so I would like to give you some things as gifts."

He placed in front of Khin a flashlight, a thermos bottle, a wash cloth, two bottles of perfume, and a letter, and then said, "I wrote this letter several days ago but haven't been able to send it because I've been too busy. Would

you please take it to a post office in Lang Son, buy a stamp, and mail it for me? The next time you come, bring along some friends."

Three days later Khin and two of his friends crossed over into China and met with Vuong Hanh, who gave them good things to eat and drink, then invited them to an inner room and enquired about the situation. Like the last time, Vuong Hanh gave them some gifts. Luc Van Khin was also given a transistor radio and a box of 10 batteries because he had brought people to China and provided much information.

Before they parted company, Vuong Hanh gave Khin and each of his friends a package of leaflets and instructed them, "Take these leaflets back and scatter them at bus stations and markets. When you come back here you'll receive a big reward."

A few days after returning to Vietnam, Luc Van Khin went back to China and visited the sundry goods store set aside for Vietnamese. After he was there a short while he saw a Chinese man about 50 years old, who was big and fat, had narrow eyes, and looked very dishonest, walked in.

Vuong Hanh respectfully bowed his head and introduced him to Khin, "This is Liu, commander of the district secret police. Today Liu has come to meet you and to ask additional questions about the situation and discuss some important matters."

Liu shook Khin's hand and smilingly said, "You are truly a brave Vietnamese youth. Your cooperation with the Chinese secret police during the recent period is praiseworthy. Please accept these photographs as souvenirs. Liu took out a photograph of Khin accepting a thermos bottle from Vuong Hanh and a photograph of Khin and two of his friends holding packages of leaflets and standing in front of the store with the sign reading "Store Reserved for Vietnamese Friends."

Commander Liu continued, "You should keep these photographs secret. If they should fall into the hands of the Vietnamese government, that wouldn't be good for you. You have carried out the tasks we've assigned you. But the leaflets were poorly distributed, so the Vietnamese militia picked them all up and they had very little effect. However, those were initial challenges which proved that you truly worked for us. It would be best if you would join the "Revolutionary Youth Unit" so that you can accomplish more. Of course, you'll be rewarded with many more goods than in the past.

He explained to Luc Van Khin the objectives and principles of the so-called "Revolutionary Youth Unit," and the great economic and political advantages of participating in that organization. Finally, without waiting for Luc Van Khin to agree to join the "Revolutionary Youth Unit," Liu helped Khin fill out the paperwork to join the unit.

Having no choice, Khin had to do as Liu instructed him to do. That afternoon a ceremony to admit Khin into the "Revolutionary Youth Unit" was organized in a private room in the rear of the sundry goods store. Khin read his application to join the unit and swore loyalty to the "organization." Vuong Hanh

photographed and recorded the entire ceremony and then "treated" Khin to a feast with good-quality spirits and many unusual dishes.

Before leaving, Liu assigned Khin a mission: "There are three tasks you must carry out. The first is finding additional people to bring into the 'organization.' You should pay much attention to youths who have evaded their military obligations, youths at state forests, troops who have been disciplined, and the children of cadres and party members who like to live well but work little. If we dangle 'bait' before such people we can hook them immediately. Second, you must continue to monitor the defensive deployment of the troops and militia, the activities of the public security police, and the situation within the local party organization, governmental administration, and mass organizations, then report to China by messages or by tape recordings, which you will send to China via reliable people or leave at message drops (you will be informed later). Third, you should kill cadres and party members who are energetically seeking ways to cope with the 'Revolutionary Youth Unit.' In the near future, during Tet, you must kill Nong Van Thuc, deputy chairman and public security head of Village T. We will send additional people to help you carry out those tasks. If you are exposed, burn the granary near Thuc's house as a signal, then cross over into China. We'll meet you at border marker X. Boldly carry out those tasks and a billion Chinese will support and protect you."

When he had finished talking, Liu gave Khin a tape recorder, a pistol, and a dagger, showed him how to use them, instructed him about other essential matters, presented him with such goods as a fountainpen, flowered cloth, and Vietnamese money, then told Vuong Hanh to see him to the door.

That night, Luc Van Khin returned to Vietnam but as soon as he crossed the border he was arrested by a team of border defense troops and militiamen were waiting in ambush.

At border defense post T, Khin admitted tha "At first I only crossed the border into China to go to the Chinese market and make a profit. But later I was bribed and controlled by the Chinese secret police, and became their lackeys. To tell the truth, after Liu gave me a gun and assigned me the mission of killing cadres and party members in the village I was very worried and terrified. Even if I had not been captured today, tomorrow I would have gone to the border defense post to report and turn over the gun. I will achieve merit to redeem myself."

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## PARTY ACTIVITIES AND GOVERNMENT

### SOCIO-ECONOMIC SITUATION OF VIETNAM EVALUATED

Hanoi GIAO DUC LY LUAN in Vietnamese No 6, Nov-Dec 82 pp 6-26

[Article: "Properly Evaluating Our Country's Current Socio-Economic Situation"]

[Text] Editorial Note: in the phase of study of the documents of the 5th Congress at the party schools and the on-the-job classes, the persons participating in this study have displayed a high degree of unanimity in supporting the evaluation of our country's revolutionary situation that was made by the congress. However, there are still more than a few comrades who have unanswered questions and desire a more thorough analysis of certain aspects in the evaluation of the situation.

In order to help you research the new revolutionary situation of our country, the editorial board of TAP CHI GIAO DUC LY LUAN has responded below to several questions raised by a number of comrades:

1. We have evaluated our economic achievements as being significant achievements; however, at a time when we have greatly increased our investments in the construction of material bases, the gross social product only increased by a small amount in 1980. What is the explanation for this?

It is true that our state invested tens of billions of dong in capital construction during the 5 years from 1976 to 1980 and that the gross social product increased by only a small amount in 1980. We admit to committing shortcomings and mistakes in arranging the structure of the economy and the structure of investments in an unreasonable manner that lies beyond the capabilities of the economy. The investment guidelines of many sectors and localities place heavy emphasis upon the construction of new projects while giving light attention to the expansion of existing factories; give light attention to making investments in depth and creating sources of raw materials; investments are decentralized and spread over many different places but the economic returns from each project are not calculated. In summary, investments in construction are still marked by much waste. However, this is not the reason why capital construction activities have failed to result in significant achievements in the construction of material-technical bases for socialism. Of the capital invested in agriculture, we have used more than

one-half to build water conservancy projects, purchase tractors, establish stations and farms, establish industrial crop areas and so forth. During the 5 years from 1976 to 1980, irrigation capacity increased by 570,000 hectares and drainage capacity increased by 170,000 hectares; some 700,000 hectares were protected from salt water; nearly 2 million hectares were cleared and put under multi-crop systems; and 18,000 additional tractors were supplied, thereby improving the draft power situation. Grain output reached 13.7 million tons in 1980 and 16.2 million tons in 1982. An important part of this victory was due to the construction of material-technical bases within agriculture. Within industry, we have focused our efforts on building projects primarily in the coal sector, the electric power sector, the mechanical engineering sector, the cement sector and so forth; these projects have been and are having a marked impact. As of 1980, electricity production had increased by 100,000 kilowatts of capacity, coal production had increased by 2 million tons of capacity and cement production had increased by 500,000 tons of capacity. By 1982, the capacity of these projects had been increased even more. In the field of communications and transportation, 2,000 railroad cars and hundreds of locomotives were manufactured; we restored or constructed 1,700 kilometers of railroad track, 3,800 kilometers of highways, 30,000 meters of bridges, 4,000 meters of seaport piers and so forth. In the fields of culture, literature-art, public health and education, we also invested billions of dong in the construction of thousands of schools and hundreds of hospitals and clinics to improve the cultural life of the people.

Clearly, during the 5 years, the number of material-technical bases increased, with fixed assets increasing by 76 percent; some of these bases are being used now and some are in the process of being built and will be put into use in the next several years. For example, in 1980, cement output only reached 700,000 tons; however, production might reach 1.2-1.3 million tons by 1983. Therefore, when evaluating the situation, we must also take into consideration projects that are under construction and will be put into use in the future. Moreover, the construction of new projects also has the purpose of replacing some material-technical bases that have worn out. Wear amounts to 1 billion dong per year, or 7 billion dong in 7 years. As a result of investments in new construction, some projects have been able to maintain and develop their production; for example, if we had not made the investments needed to increase coal output by 2 million tons, we would not have been able to maintain the old production level of 5 to 6 million tons per year.

2. When evaluating the situation, we say that the field of circulation and distribution is one in which many negative phenomena are found and at some places, the private economy has crowded out the collective economy and the state-operated economy; therefore, why do we also say: "The new production relations are continuing to be strengthened in the North and, in the South, socialist transformation has achieved initial results"?

In recent years, weaknesses in production relations in the areas of production, distribution-circulation and consumption have caused dissatisfaction on the part of many persons. However, if we analyze each area and each field in detail, we will see more clearly how the socialist production relations have developed in the North.

In agriculture, farmers began producing with enthusiasm following land reform and agriculture in the North developed strongly. In 1960, we completed the collectivization of farmers. The superior nature of the cooperative system was displayed in the construction of water conservancy projects, intensive cultivation, multi-cropping, the development of the trade sector and so forth, thereby bringing about major changes in the countryside in the space of 10 years. However, during this period of time, the new production relations also gave rise to unwholesome phenomena in such areas as the protection of public property, the distribution of products, labor productivity and collective livestock production; at a number of places, farmers asked to leave cooperatives. In the face of this situation, we conducted two phases of activity to improve the management of cooperatives and slowed the downward slide but many problems remained unsolved. Many negative phenomena developed, such as awarding workpoints for work not done, misappropriation and so forth, which caused cooperative members to be upset. This was also the time that we entered the war of resistance against the United States for national salvation. Thanks to aid in the form of grain, cloth, nitrogen fertilizer and so forth from other countries, agricultural production did not decline by much and the living conditions of farmers were maintained; however, we failed to idealize the most beautiful aspect of life, the growth and strength of the new production relations. Therefore, the number of well run cooperatives only amounted to 15 to 20 percent of the total number of cooperatives, many cooperatives were weak and deficient and, at some places, cooperatives disbanded on a district-wide scale.

During the first few years following the liberation of the South, because we restored fields to production and cleared wilderness in order to put more land under cultivation in the southern provinces, grain output increased. However, the impact of these factors gradually declined or disappeared entirely, agricultural production experienced several consecutive years of natural disasters and, in addition, cooperatives were increased to a size that was too large compared to the management qualification of cadres; as a result, for 4 consecutive years, from 1977 to 1980, grain output in the North hovered around 5.8 to 6 million tons per year at a time when the population was growing rather rapidly. Within the cooperatives, cooperative members, instead of working hard in production, were leaving their fields, were abandoning production and going into commerce, as a result of which rice yields gradually declined, livestock production encountered losses and some cooperatives began using non-specific contracts. In the face of this situation, the Secretariat gained experience from the improvement of the management mechanism at a number of cooperatives and localities and issued directive 100, which expanded the use of final product contracts to groups of laborers and individual laborers. As a result, farmers began working harder, yields rose, output increased, much more grain was purchased by the state, the distribution of products within cooperatives improved and so forth. However, there are some who maintain that the implementation of the new form of contract has eroded production relations because material bases are not being fully utilized and fields have been divided into smaller fields and are decentralized. It is true that the implementation of the new form of contracts has been marked by a number of shortcomings and weaknesses. This has, of course, affected the utilization of production forces and our effort to strengthen production relations; however, when we examine an economic phenomenon, we must analyze it from many different

perspectives in order to learn proper lessons. Let us examine the following several matters: as regards draft power, the implementation of the new contracts has been marked by the inefficient use of draft buffalo and cattle, which are being worked far more than normally; generally speaking, however, the amount of area under cultivation has been maintained, the planting schedule has been maintained, the quality of farming techniques has been maintained and crop yields have risen. Ordinary implements, which were in very short supply in past years and not suited to the work being performed, are now more plentiful and being used and maintained better. As regards livestock pens, drying yards and granaries, some cooperatives are utilizing these bases better while other cooperatives have dismantled them; however, although the dismantling of these bases was a mistake at some places, other places have dismantled them because they were inefficient and some places have done so because they will not be using these bases in the immediate future. As regards cropland, the new contracting method has led to fields being divided into smaller, decentralized fields but cropland is still an instrument of production of cooperatives and laborers are using this instrument of production more efficiently.

On the basis of this analysis, we can see that the observation made by the congress that the new production relations have been strengthened in the North is well founded.

Within industry, production has encountered numerous difficulties over the past several years: there has been a serious shortage of raw materials and fuel; many enterprises have not operated at full capacity; some factories have had to temporarily cease operations; and several tens of thousands of workers have not had adequate work and have had to work elsewhere. Phenomena such as misappropriation, waste, the failure to respect the regulations governing the delivery of products to the state and disorganization in the distribution of products and income within enterprises have been increasing with each passing day. This situation has influenced the superior nature of the socialist production relations. To correct this situation, the resolution of the 6th Party Plenum set forth guidelines, policies and measures designed to "straighten out" the production situation, in general, and the industrial production situation, in particular. Over the past several years, many new state policies have been promulgated, the independence of the installations and localities has been increased and strengthened, their initiative has been tapped, the old mechanism has been dismantled and the conditions have been created for developing production and, on this basis, strengthening the production relations of both state-operated and collective installations. Of course, there are still deviations in the implementation of these new policies, even major deviations at some places; however, we still maintain that positive factors are the dominant factors.

3. Some comrades ask whether or not it is contradictory to state that the economy has recorded numerous achievements at a time when more and more difficulties are being encountered in everyday life?

The standard of living encompasses many aspects, is related to many different fields of endeavor and is closely associated with each installation, each locality, each person and each stratum of the people, consequently, we should

not discuss this matter in general terms, rather, we must make a detailed analysis and specific comparisons so that we understand the matter correctly and adopt correct solutions. In the relationship between the standard of living and the economy, the economy is the basic factor; however, living conditions are a standard by which the economy is examined and evaluated. Under our country's present conditions, the development of the economy is not only expressed in living conditions because the economy must simultaneously perform many strategic tasks: domestic and foreign tasks, the task of building material-technical bases, the security task, the national defense task and so forth. Therefore, we must adopt a comprehensive point of view in order to see the full significance of the economic achievements that have been recorded.

We admit that the standard of living of our people is still low, that the daily lives of manual workers and civil servants involve many difficulties, but a detailed analysis shows that living conditions differ. Some persons are encountering many difficulties while others are encountering but few difficulties; there are even some persons whose living conditions have stabilized and been somewhat improved. Generally speaking, the standard of living of farmers has been stabilized and improved in certain respects and a component of the farm population is doing quite well; this is the largest stratum of the population because the farmers of our country account for more than 70 percent of our population. Ever since the implementation of government decisions 25-CP and 26-CP, the living conditions of manual workers have improved.

The low standard of living of the people and the fact that cadres, manual workers and civil servants are encountering difficulties in their daily lives are due to reasons beyond our control; at the same time, they are due to shortcomings in economic construction and development, the most noticeable being the lack of good distribution and circulation, which has led to many serious shortcomings. However, we should not use this as an excuse for denying that achievements have been recorded in economic construction and development, in improving the living conditions of the people, including the mass of farmers.

The 5th Congress of the Party evaluated our economic victories on the basis of selected, well considered facts, comparisons and a scientific method so that general responses could be made to satisfy the questions facing the majority of cadres and party members. However, when explaining the victories that have been won to each specific category of cadres and party members, we must do so in a manner closely linked to specific circumstances, to their level of knowledge. Because, at places that were ravaged during the war but have now been restored, now have green fields of rice and a comfortable life, it is easy to see the victories that have been recorded but little attention is given to the difficulties being encountered. On the other hand, at some times and places, other persons have encountered specific difficulties, such as difficulties in buying grain and food, such as finding it very difficult to purchase train and bus tickets, such as not being able to obtain medicine when sick and so forth. All of these difficulties affect the lives of individuals and, if these persons do not possess an unswerving stand and pure feelings, they will not readily accept the above mentioned evaluation of our victories.



When explaining our economic, cultural and other achievements to persons and trying to persuade them, we must also give attention to a number of attitudes that have formed among our people. Having lived an arduous life during the years of the war, many persons thought that life would surely be more comfortable after winning victory over the United States, would be improved and did not suspect that life would be more difficult, that negative phenomena would persist, that social order would be lax. This thinking must be explained to cadres, party members and the masses so that they clearly understand its origin. Another aspect of thinking is that many persons have a simplistic, shallow understanding of socialist construction and do not understand that difficulties, problems, mistakes and so forth are unavoidable in the course of the revolution. As a result, they bring many illusions to everyday life. When they realize that reality is not consistent with their desires, they become pessimistic. This is a lesson that must be learned by us in our educational work. Another point is that we have long talked about how the fraternal countries go to great lengths to describe the superior, beautiful aspects of their system. This is totally correct and necessary; however, it would be a mistake for us to speak mainly about these beautiful aspects while saying little about our difficulties, negative phenomena and so forth, thereby giving many persons an incorrect understanding of real socialism, as a result of which illusions easily arise.

4. How are we to evaluate a number of advances that have been made in the recent past and what conclusions should be reached?

Since the congress, the situation has remained difficult and has continued to deteriorate in certain respects. However, our economic life is not solely a matter of difficulties; progress and changes for the better have occurred in certain areas. In order to fully see the very important significance of these advances and changes, we must examine a number of aspects of the situation through a few specific figures.

a) As regards grain production, marked changes have occurred in the past 3 to 4 years. In 1979, grain output was 13.7 million tons. In 1980, grain output was 14.4 million tons (an increase of 700,000 tons). In 1981, output exceeded 15 million tons. In 1982, output exceeded 16 million tons. Thus, since 1979, grain output has increased at the annual rate of approximately 700,000 to 800,000 tons. This increase in output represents a marked change in view of the fact that the supply of materials has been less and the weather has not always been completely favorable. This increase has not been unexpected because, aside from the factor of weather, other positive factors involving the organization of implementation have played a role, especially a host of newly promulgated policies.

b) Livestock production: for several decades, the livestock production sector in the North did not develop very much and the production of some livestock, such as buffalo and cattle, continuously declined due to many different reasons, including inappropriate policies. Between 1975 and 1979, our buffalo and cattle herds fluctuated around the level of 3.7 to 3.9 million head. In 1980, this number increased to 4 million. In 1981, our state supplemented and revised its policy on livestock production, with the result that the number of buffalo and cattle increased to 4.16 million head. An

increase of nearly 200,000 buffalo and cattle per year is an important development. During the first 9 months of 1982, the buffalo and cattle herds continued to grow. Compared to the first 9 months of 1981, the buffalo herd was 3 percent larger and the cattle herd had increased by 6 percent. This is encouraging.

Between 1975 and 1979, the hog herd fluctuated around 8.8 to 9 million hogs. In recent years, the hog herd has grown markedly: 1980: 10 million hogs; 1981: 10.5 million hogs. As of October, 1982, the hog herd numbered 10.8 million, an increase of 3.4 percent compared to the first 10 months of 1981.

c) Industrial production: in recent years, production has encountered difficulties due to the shortage of materials, energy and so forth. However, in 1980, as a result of making every effort to overcome the difficulties being faced, the decline in production was halted and, in 1981, production increased by a small amount. During the first 6 months of 1982, output value increased by 20.9 percent compared to the same period of time in 1981, with the output of central industry increasing by 13.8 percent, local industry increasing by 24.4 percent and small industry and the handicraft trades increasing by 28.5 percent. Although the supply of raw materials, fuel and building materials is less than before, the decline in production has begun to be stopped and production has, in some areas, even developed. This is also deserving of attention.

d) The purchasing of grain is a matter of foremost importance as well as a rather acute problem. During the years from 1977 to 1980, annual purchased declined by 500,000 to 600,000 tons compared to 1976. In 1981, a rather strong change occurred and purchases exceeded the 1976 level by approximately 500,000 tons; in 1982, purchases exceeded the 1981 level by 500,000 tons. In particular, very good results were achieved in the purchasing of grain in the North in 1982, as a result of which the plan was exceeded, both in terms of purchases made under obligations and purchases made over and above obligations.

As regards exports and imports, significant changes also occurred in 1982: during the first 9 months of the year, exports increased by 27.8 percent compared to the same period of time in 1981.

On the basis of the victories and advances mentioned above, we have reached the following several conclusions.

First, although these victories and advances have not been uniform or truly significant, we must give thought to their significance, especially in the field of production. Over the past 2 years, in the face of a smaller supply of materials, raw materials and fuel and very acute difficulties, we managed to halt the decline in production and even bring about development in some areas. This is encouraging because victories in the economic field are not always as resounding as military victories are. We have managed to orient everyone's efforts toward a common goal, have mobilized every person, every installation and every locality to try to work, use their labor, arable land, equipment, machinery and so forth better and develop many more trade sectors in order to win gradual victory, win victory in one element and area at a

time. Small victories combine to form significant victories and eventually lead to larger victories, even leaps forward in development. For example, it would be a significant leap forward for us to increase soybean production from 40,000 hectares to tens of thousands of hectares in the next 3 to 4 years. In view of the fact that many economic difficulties still exist, we must adopt the correct point of view and must know how to value progress and change, even small, within the economy. We cannot look at the enemy as though no changes have occurred or only seen nothing but difficulties.

Secondly, these victories and advances have not been unexpected but they have also not been entirely the result of the weather, rather, they have also been the result of the impact of the dynamism of man, of our party and state, of tens of millions of laborers, an impact made by their feelings and intellect, their thinking and organization, their actions. Of significance here is the adoption, on the basis of thoroughly understanding the line of the party, of correct policies for dismantling the management mechanism characterized by bureaucratic administrativism and subsidization, establishing the new mechanism, resolving the difficulties we face and moving the economy forward. The product contracts within agriculture and the implementation of decision 25-CP and 26-CP, decision number 113-HDBT and so forth show the initial changes that have occurred within our economy and the important role that is being played by the building of the new management mechanism. We cannot deny the impact of technical factors or the weather but good management methods were needed in order to develop upon these factors.

Of course, we should not over-evaluate the changes that have occurred in this field because they are only the initial step in the effort to dismantle the old mechanism and build the new one. Facts have shown that deviations are bound to occur, even serious ones, in the process of abolishing the old mechanism and building the new management mechanism. These deviations are manifestations of conservatism, liberalism, decentralization, etc. We must criticize and struggle against these phenomena in order to bring management within the orb of socialism. The recent deviations in the way we work have been due, to some extent, to the failure to understand and fully comply with the lines and viewpoints of the party; on this basis, we also see that the way we work and the way we provide management are not purely professional matters, rather, they are very closely linked to the party line and must reflect the line of the party in the realities of production. The creation of new ways of working, of new forms of organization always arises in the course of implementing the party line and is creativity on the part of the masses. What we must give attention to is the fact that our leadership cadres on the various levels must be sensitive to the new, must delve deeply into practice, must discover the new, must be fully capable of raising the creativity of the masses to a new level and must dare to cast aside conservative viewpoints.

Thirdly, through the victories and advances that have been achieved, we are made even more mindful of the lesson of practicing self-sufficiency. At present, not one country in the world is able to meet all of its own needs, consequently, economic relations with other countries are natural. Our party advocates strengthening our relations of international cooperation, primarily with the Soviet Union and the fraternal socialist countries; however, we must be self-reliant. During the war, we relied upon foreign aid for quite some

time. This factor made a decisive contribution to the victory over the U.S. pirates and insured that our people's standard of living was stable. At the same time, however, this aid caused us to rely very heavily upon the outside, caused this reliance to become part of the way we think, part of our actions, our production, our style of life and so forth.

Following the liberation of the South, when these aid funds were no longer available, the real income of our people immediately declined by 20 percent. The majority of the remaining 80 percent came from other aid and loans from the fraternal socialist countries and other countries. We have had to borrow money from a number of capitalist countries in order to purchase oil, cloth, fiber, rice, sugar, milk and so forth, consequently, the standard of living of our people has not declined much. However, at the start of 1979, when the Beijing expansionists invaded the provinces along the northern border of our country and the imperialists, especially the U.S. imperialists, implemented the embargo policy, ceased making loans to our country, terminated aid and so forth, national defense expenses were forced to rise. At that time, the difficulties in production and everyday life became acute. In the face of this situation, unwilling to sit idly by and allow factories to cease production, allow workers to receive 70 percent of their pay or quit their jobs, many factories have looked for solutions and made innovations in order to resolve the difficulties being faced. The initiative taken by economic installations to resolve their difficulties proves that self-reliance is the only course that can be taken at this time. The innovations and the new, interesting ways of working at installations have helped the central level assess the situation in detail, select experiences that are good and correct, generalize the situation and promulgate policies for guiding every production and business activity in accordance with a specific objective. It was under these conditions that decision 25-CP of our state was promulgated. Decision 25-CP, although it has a number of weaknesses (it was revised and amended by decision 146-HDBT dated 25 August 1982), has been confirmed as correct by the Political Bureau because it is consistent with our country's circumstances at this time, plays a positive role in production and business, has gradually eliminated the thinking and habit of relying upon others and created a position from which we can move forward through self-reliance, resolve on our own the problems we face in production and extricate the daily lives of the people from the difficult situation that now exists.

Fourthly, the advances and changes that have been made require that we give much thought to the matter of organizing implementation. This is an issue with which many comrades are concerned. Some have said: we have confidence in the line but there is no basis for confidence in the guidance of implementation because the resolutions, positions and policies of the party and state must be implemented by persons but more than a small percentage of the persons within our ranks lack ability, lack good qualities and are unethical, the organizational apparatus is bureaucratic and cumbersome and the way that we work is conservative and slow. Consequently, how can results be achieved in organizing implementation?

It is true that management, in general, and the organization of implementation, in particular, are still marked by many areas in which development has been slow. The central level has thoroughly reviewed this

matter. However, it is also necessary to analyze it in detail in order to gain a clearer understanding of the matter. The organization of implementation refers to the steps that must be taken once a decision has been made in order to turn the decision into reality: adopting a specific plan; deploying cadres and forces very well; closely coordinating educational, administrative and economic measures; coordinating the forces within the dictatorship of the proletariat system; inspecting and reviewing work and so forth. As regards the propaganda and training sector, propagandizing and educating persons concerning the viewpoints of the party are also part of organizing implementation. Thus, organizing implementation consists of many very complicated jobs, consequently, we must examine in detail the jobs that must be performed, the areas in which development is still slow and the causes of these phenomena. For example, why has the resolution on reducing the size of staffs not been implemented? The law protecting the forests has been implemented but why are the forests continuing to be destroyed? Why, although planned parenthood is being practiced, has the birthrate been reduced to 1 percent at some places but still stands at 3 percent at other places? We must delve into each area of concern, each job and engage in a detailed analysis before reaching any conclusions; we should not be satisfied with general conclusions and hasty generalizations.

The organizing of implementation is not only marked by areas in which development has been slow, there are also areas in which good work is being performed and changes for the better have occurred. For example, the two recent phases of military inductions were an improvement over previous phases; the organizing of the purchasing of grain in both the North and the South achieved high results in 2 consecutive years (1981 and 1982); directive 100 of the Secretariat and decision 25-CP of the government have created new factors in agricultural production, industry and so forth. These advances are partially the result of the organizing of implementation. Of course, we cannot deny the role played by correct policies and correct decisions. We must think about the things that we have done and the things that we have not been able to do in order to gain experience for organizing implementation in the years ahead. With this in mind, the following several matters can be raised:

First, a correct decision is the premise for the organizing of implementation. A correct decision is not only one that provides a correct policy, correct guidelines and a correct task, it is also one that provides a correct, specific solution. This is a very important matter, one that sometimes plays the key role. Because, if we only adopt a correct policy and guidelines but do not adopt specific solutions involving correct forms and measures, there can be no premise for organizing implementation. Military inductions have been carried out well in the recent past but we must see the tremendous impact of the recently promulgated, rather specific military service law, a law that has the support of all the people. Directive 100 of the Secretariat has correctly resolved the problems in a basic area of management. The livestock production sector has developed better than before as a result of a correct policy. The policy on reducing the size of staffs is correct but because we have yet to find a good solution to this problem, the results that we have achieved have been limited.

Finding a solution is not a simple matter. It is a matter that requires much thought, much thorough research and sometimes requires pilot projects in order to gain experience and reach conclusions. We must engage in the process of organizing implementation before we can find good solutions; we must not wait until solutions have been found in order to organize implementation.

Secondly, once a decision has been made, the next matter of importance is to adopt a truly thorough, specific and detailed plan, a plan as thorough as a military combat plan. Consequently, we cannot act in a cursory, irresponsible manner, cannot act in any manner we see fit. For example, if we take action against profiteers and smugglers but do not have the necessary forces, do not establish good coordination, do not become thoroughly familiar with the way they operate and so forth, we will meet with defeat. We must, in all fields of social life, adopt plans that are specific and precise because, if we operate on the basis of approximations and generalizations in organizing implementation, we will meet with defeat.

Thirdly, there is the matter of deploying cadres. This is an important element in the organizing of implementation. We must give our attention to selecting persons who are able to organize implementation. Of course, cadres must first possess good qualities, be loyal and be in complete agreement with the line. However, at present, organizing implementation is one of our foremost problems. It demands that we be patient, be resourceful, make detailed calculations, do what we tell others to do, involve ourselves in day to day activities, not fear difficulties and so forth. These are the qualities of a person who leads the organizing of implementation. We do not lack persons of this type. Among our cadres and party members, among manual workers and farmers we can surely select persons who are able to organize implementation, train them and assign them to suitable jobs.

On the basis of the fact that our country is advancing from small-scale production, some persons maintain that our cadres and party members are, as a result, unorganized, undisciplined, lack industrial knowledge and so forth. This is correct but this is no reason for them to lack dynamism. Why is our dynamism so strong when we are doing something for an individual person, an individual family but weak and slow to be mobilized when we are doing something for the collective? Why, in our daily lives, do we find much that is new and good for the individual, for the family but these same things cannot be created within an organization? The problem we face here concerns the organization of the mechanism. Cadres are part of the mechanism and have an impact upon it but they are also dependent upon the mechanism, upon the organization. If the apparatus is inefficiently organized and its functions and modes of work are not correctly defined, cadres cannot fulfill their role.

Fourthly, there is the matter of motivation. What are the motives that create dynamism for the management mechanism? To the capitalist, the motive is money. Socialism has many more advantages compared to capitalism but why does our apparatus lack the ability to respond quickly, why does management lack dynamism? The slowness with which mistakes are uncovered, the slowness with which mistakes are rectified and the failure to rectify mistakes are related to motivation. We can divide motives into three types: first, communists must possess ideals. However, not everyone within our apparatus is a

communist party member. To persons who are outside the party, the ideal that we demand of them is a sense of responsibility in serving the people, serving the fatherland. Secondly, motivation is provided by praise and discipline (that is, by spiritual responsibility). Thirdly, motivation is provided by material responsibility within agencies and economic organizations.

Fifthly, there is the matter of inspections. This is also an important part of organizing implementation. Lenin once called inspections the key element. Every job that is performed must be closely inspected because inspections help us to see and assess the situation, correctly evaluate results, determine the trend of development and resolve problems thoroughly. Inspections must be meticulous, must examine many areas and employ many systems: the system within the party, the system among the people, the system within the government and so forth. Without establishing an inspection system in the true meaning of the word, we cannot see or resolve all the problems that exist. At present, we are attaching much significance to inspections. Only through the process of implementation can we determine where development is slow, where development is not slow; and, only on the basis of determining where development is slow can we determine what to abandon. This indicates the need for each cadre and party member to think on their own of ways to resolve the problems encountered in the organizing of implementation.

5. Some comrades have raised the following questions: why, if the situation has changed, do we still face acute difficulties, difficulties that might even become more acute? Is the central level fully aware of all the difficulties we face? Some comrades think that the upper level is not yet fully aware of all the difficulties that exist. There might be a certain number of specific difficulties of which the central level is not aware, but it is incorrect to say that the central level is bureaucratic and is not aware of all of the difficulties of the country and the people. Because, our party is responsible to all the people for every aspect of social life. The Party Central Committee and Political Bureau not only provide leadership and guidance with regard to the major issues of the country, but also constantly stay abreast of and resolve specific problems, problems that range from food and clothing to transportation, health care, education, etc. Therefore, they have a very comprehensive and quite detailed knowledge of every difficulty and have very full data on all areas.

As regards propagandizing and explaining the difficulties we face, we must recognize that we have not given everyone a full understanding of the situation or shown everyone all the difficulties we face. The press talked at great length about progress, about good, beautiful things, about bumper crops here and increased productivity there; in actuality, however, rice is not being sold on schedule and it is sometimes not until the next month that this month's rice is supplied. As a result, some persons find it very difficult to explain why, if we record a bumper crop, there is a shortage of rice to sell to the people? Although we know that we should employ many different methods of communication to give everyone a full understanding of the difficulties we face, we have not made use of propaganda by word of mouth and other suitable forms of propaganda.

We acknowledge that we still face difficulties even though the situation has improved. In addition, it must be said that our difficulties are still acute and might, in some areas, become even more acute. Should we speak forthrightly, state the facts as they are and clearly inform everyone of this? This is a question that must be answered. There are three types of difficulties to which we must give our attention:

First, there are difficulties that have arisen in the process of our struggle to achieve self-sufficiency. For example, the country's grain output rose from 12 million tons to 15 million and then 16 million tons in 1982 but this output still does not meet needs, consequently, the grain problem is still an acute problem. Therefore, we must make even greater efforts and achieve self-sufficiency in grain instead of relying upon others, because our friends are also encountering difficulties with grain.

Secondly, there are difficulties that existed previously but which, under the specific conditions of today, have shown themselves to be acute difficulties. During the years from 1976 to 1980, we borrowed 600 million dollars each year from capitalist countries to purchase raw materials, equipment, fuel and so forth. It has now come time to make repayment because the deadline cannot be extended again. To repay this debt, we must export products, must rapidly increase the volume of our annual exports in order to acquire sources of foreign currency with which to repay debts to foreign countries and import the goods needed for the national economy. As long as we do not have adequate sources of foreign currency with which to meet these requirements, difficulties will exist. For example, we have 70,000 trucks. To maintain this number of trucks, we must annually import about 7,000 trucks to replace those that can no longer be used; if we do not import this number of trucks, it is clear that our transportation capacity will decline and difficulties will be encountered.

Thirdly, there are difficulties resulting from natural disasters and enemy attacks. One typhoon, one flood or one drought causes many losses and difficulties, which can, at times, be very acute, as was the case with the recent typhoon, number 7.

The imperialists, especially the U.S. imperialists, and the Chinese authorities who are pursuing expansionism and hegemony are constantly sabotaging us in every way possible, in a vain attempt to pose difficulties to us in order to easily conquer us. We must increase our vigilance in order to limit the sabotage by the enemy.

The difficulties mentioned above are hard to avoid, consequently, we must face them squarely, not fear them and look for every way to overcome them. In our ideological work, it is incorrect to not confirm the good that exists; however, propaganda efforts will not be successful if we do not appropriately describe the difficulties we face or if we engage in demagoguery in order to easily deceive the people. Therefore, as the congress said, we must confirm that which is good, confirm the changes that have occurred and state in which areas problems can be resolved; at the same time, we must state the difficulties we face in a forthright manner. How to say what we must say, which forms and methods to employ and so forth depend upon the persons to whom



we are speaking; however, our attitude must be one of facing our difficulties squarely and overcoming them.

6. Why is there such disorder on the distribution-circulation front? How can we restore socialist order on this front?

The changes that occur on the distribution-circulation front, such as changes in the financial system, in wages, prices and so forth, are directly related to production and everyday life. Since the start of 1982, there have been a number of changes for the better, for example, grain purchases have increased rapidly, exports are higher than the year before, credit activities and the collection of taxes have been accelerated, the deficit has been reduced and so forth; generally speaking, however, this field is still marked by disorder, by many pressing problems and by areas in which the situation is continuing to deteriorate, for example, prices are continuing to rise, the value of the dong is declining and the free market is developing strongly.

Why is the free market developing? There are many reasons. To begin with, our state does not yet control many of the products produced by the artisan trades and small industry and even does not control some of the products produced by state-operated industry, consequently, the volume of retail goods in circulation has declined. In the past, retail sales accounted for 80 percent of the social market; now, they only account for 70 percent and, if steps are not taken to halt this decline, this percentage will continue to decrease. In the South, there are still rather large quantities of goods of all types in the hands of private merchants. When they can, they throw these goods onto the free market, thereby crowding out the organized market. Goods on the free market are also smuggled from Thailand, from nearby countries through many channels. Emigrees and persons who travel to foreign countries send goods back to their relatives, goods which are also sold on the free market. This market also receives goods that are stolen from the state and goods that are bought and resold from one sector to another. Deserving of attention is the fact that, on the basis of the development of the free market, the number of merchants has increased considerably, including the number of commercial bourgeoisie who were transformed but have now resumed their old occupations and newly emerged bourgeoisie in commerce. Today, there are more than 1 million merchants, the majority of whom have not registered themselves and are evading taxes, not only in the South, but in the North as well. Although our state has promulgated the law against profiteering, smuggling and illegal businesses, profiteering, hoarding and smuggling are still widespread.

On the free market, prices have continued to rise. The state is failing to collect rather large amounts of industrial and commercial taxes at a time when expenditures are rising. The amounts of money held by the people, especially by private merchants, are quite large. It can be said that we are not the masters of the market, money, prices and so forth. This is a matter to which we must give thought.

Not only is the free market disorderly, there is disorder also within the organized market. Because production and business units and the various localities compete with one another to buy and sell products and compete in

exports and imports, prices have risen quickly and the state is unable to manage them. The precinct, district and subward marketing cooperatives do business in all sorts of goods and also engage in long-distance, North-South wholesale transactions. The enterprises and agencies of the state, the mass organizations and so forth also participate in the wholesale business in order to resolve difficulties being encountered by their collectives in their daily lives. This situation has exacerbated the difficulties that exist. It has posed obstacles to the building and development of the planned economy, disrupted the national financial and monetary system, created a lack of order and security, corrupted some cadres and party members and posed many obstacles to the effort to mold the new man. It has increased the difficulties being faced by persons who earn an honest living at a time when persons who earn their livings illegally live in luxury and extravagance.

The causes of the negative phenomena mentioned above are related, of course, to the objective economic difficulties we face; however, they are primarily the result of shortcomings in our management. For this reason, the 5th Congress of the Party confirmed the fact that, in certain areas, mistakes and shortcomings in management, in leadership are the main cause of or have exacerbated our difficulties. This observation encompasses the field of distribution and circulation. Specifically, our shortcomings in distribution and circulation are of several different types:

a) We have managed the free market in a lax manner and have not implemented a strict system of inventory and control with regard to private merchants. We have not implemented a consistent or continuous policy to abolish the capitalists in commerce and have not focused our efforts on tracking down and severely punishing speculators, smugglers and those who steal materials from the state. We have loosely managed exports and imports and state-operated commerce itself is still weak in its business operations and its management of the market.

b) The guidance and management provided by the state are marked by many loopholes and shortcomings. The management mechanism is restrictive and rigid, is not well suited to an economy that consists of many different segments, encompasses many different levels and types of production and so forth, consequently, we have seen the phenomenon of "tearing down fences." However, where is this tearing down of fences correct and where does it turn the management mechanism into a market mechanism? For example, 2 years ago in the South, the price of urea on the free market was 10 dong per kilogram but the state was selling urea at 0.5 dong; the price of rice on the outside was 2 dong but it was still being purchased by the state at 0.40 dong, consequently, rice could not be purchased. A number of places made the innovation of selling urea at 10 dong per kilogram and buying paddy at 4 to 5 dong per kilogram. Clearly, when a policy is no longer suitable and has not been promptly revised, the localities and installations must "tear down fences," that is, must dismantle the old mechanism. Decision 25-CP is a correct decision but there are weaknesses in its provisions concerning profit distribution, the prices of supplies and the division of cost accounting responsibilities among the three components of the enterprise plan; the organizing of implementation and management are poor and this has led to a number of negative phenomena that have posed additional difficulties to market

management. The policy of increasing the independence of the localities and installations with regard to exports and imports is a correct policy; however, tight regulations have not been adopted, close guidance is not being provided and the exports-imports organization lacks uniformity, consequently, disputes over merchandise, raw materials, markets and so forth have occurred.

The economic units that directly manage goods and money are not fully complying with positions and policies.

The cadres who have the job of managing the market, collecting industrial and commercial taxes and fighting economic criminals are inexperienced and in short supply and some have become corrupt, thereby causing additional difficulties and complications to be encountered in the field of distribution and circulation.

In the face of this situation, we have given very much attention to the matter of distribution and circulation but have not provided appropriate solutions nor developed good forms of organization and good measures for resolving this problem in a higher effective manner.

In keeping with the guidelines set forth by the 5th Congress, establishing the new, socialist economic order on the distribution and circulation front is one of the major policies in the present stage. Efforts must be focused on and directed toward the following three areas:

--Stimulating production, bringing peace of mind to manual workers and farmers and insuring that they engage in production with enthusiasm and create much wealth;

--Stabilizing the financial system, the monetary system and the market, strengthening the state's control of sources of goods and expanding and developing the socialist economy;

--Distributing the social product in a reasonable manner and maintaining and gradually improving the standard of living of laborers, primarily of persons who earn their livings in a legitimate manner.

The various sectors and levels and the persons engaged in distribution and circulation themselves must direct their efforts toward these objectives, must take effective steps to insure that these objectives are met. We must continue to increase the independence and authority of the localities and installations with regard to exports and imports but we must correct the things that are wrong in organization and management and put an end to the practice of competing with one another for sales and purchases, thereby causing a lack of order in export and import activities. We must fully comply with Council of Ministers' decision 113-HDBT dated 10 July 1982 on exports and imports so that we have a correct policy concerning the export-import activities and market management of the sectors and localities. The conclusions reached by the Political Bureau concerning the work of Ho Chi Minh City are of universal significance to all provinces and municipalities of the country and must be fully implemented in accordance with the circular of the Party Secretariat.

The state has promulgated the law against speculation and smuggling; fighting speculation and smuggling is rather complicated work requiring a process of preparation and a strong organization for performing this work. Because, the specific regulations that are involved are not easy to establish: we must carefully consider which products should be considered contraband, which products we should allow to be circulated, purchased and sold, which products we should allow private merchants to do business in, which products must be controlled by the state and what the extent of state control must be? We must conduct routine inventory and control work, recheck business licenses and compel all households and persons engaged in business to be fully licensed. We must establish accurate tax rates and struggle to collect all taxes. In Hanoi, an inspection to supplement licenses and reset tax rates resulted in the closing of 350 businesses, businesses which, in the end, asked permission to reopen.

As regards bank credit and money management, no major changes have occurred in the situation in the recent past. The state issued decision 172-CP and is initiating its implementation, with a number of initial results.

The field of distribution and circulation encompasses a host of complex problems, problems that are being further complicated by the difficulties being faced in our country's economic situation at this time.

By means of a series of policies and measures, our party and state have brought about changes in a number of areas; however, it is impossible to resolve all the problems we face in a short period of time, rather, we must resolve one problem at a time and gradually move forward to restore the socialist order and stability on the distribution-circulation front.

7. Why are the negative phenomena in social life so widespread and persistent? How have our party and state been struggling against these negative phenomena?

Over the past several years, one problem has been a foremost concern of our society: the negative phenomena in social life.

The cadres, party members and legitimate laborers who have experienced the challenges of war and the challenges of working hard to build the country can explain and endure the material difficulties we now face. However, their daily torment is to witness widespread and persistent negative phenomena that have had an adverse impact upon many areas of life: the economy, politics, thinking, the culture and psychology; more than a few persons have expressed dissatisfaction over this situation; a number of others feel as though our dictatorship of the proletariat system is powerless to prevent and eliminate these negative phenomena.

This is a legitimate concern on the part of the collective masters of the country. Because, negative phenomena are eroding the dignity of man, violating the fine nature of our system and the right of collective ownership of the masses and causing very many difficulties in the education of future generations. However, it is not enough to feel concerned about and tormented by these negative phenomena; rather, of importance is the need to explain the

problems we face, see all the ways that these problems manifest themselves, accurately analyze their causes and develop guidelines and measures for effectively overcoming them.

Thus, what are negative phenomena: they are kinds of behavior that are contrary to the fine nature of the socialist system. They infringe upon, impede and erode the bases of socialism in every field: production relations, production forces, the economy, politics, security, the culture, our style of life and so forth.

They are social phenomena that, for the most part, arise in the process of the struggle to carry out socialist transformation and socialist construction, the struggle between the old and the new, between the backward and the progressive.

The negative phenomena within our society over the past several years can generally be classified as follows:

a) The most serious is the lack of enthusiasm for productive labor among manual workers, farmers and cadres and civil servants of the state.

The 6th Plenum of the Party Central Committee observed that workers are not motivated to produce. The problem is not that they are lazy, because they are diligent by nature. The problem lies in the fact that they are not deeply interested in working for the collective, rather, their efforts are being focused on other jobs in order to increase their personal income. Arable land is an irreplaceable instrument of production within agriculture; however, tens of thousands of hectares of arable land are lying fallow in the Red River Delta alone. The productivity of the arable land of cooperatives is low; meanwhile, the 5 percent plots of cooperative members families produce high yields. Of course, there are still advanced cooperatives that are achieving high yields but the number of these model units is not being increased; in addition, the returns from production do not depend upon these cooperatives, but upon the majority of cooperatives.

Within industry, more than a few manual workers at state enterprises, usually skilled workers, have left their production jobs to work on the outside; this is not to mention the fact that a large number of workers perform their work at enterprises in a half-hearted manner, saving their energies so that they can work for hire for private individuals or handicraft cooperatives.

Some scientific-technical cadres sell technology to producers in small industry and the handicraft trades.

b) One type of negative phenomena that is also very serious is the theft of socialist property, closely associated with which are bribery, conspiracy, profiteering and smuggling.

This phenomenon, which is rather complicated, causes serious harm to socialist property, disrupts the market, monopolizes our organization, corrupts more than a few cadres and causes a loss of confidence on the part of the masses.

In recent years, excluding petty theft, which is quite widespread, there have been major cases of theft involving conspiracy between dishonest merchants and decadent elements and cadres who hold positions of authority, personnel who manage money and goods, personnel who manage means of transportation and so forth for the purpose of stealing and transporting state goods to markets. These cases have caused large losses of public funds and disrupted the market. During the past few years, due to loopholes in policies and management, especially in the field of distributing and circulation, many cases of misappropriation in the name of "two-way trade," "negotiated prices," "the three interests," and "the three plans."

Bribery is also rather widespread in all fields, including administrative, public health, educational, cultural and social agencies, even though the state has promulgated the law on the punishment for bribery and has prosecuted a number of cases. In addition to bribery by individuals, bribery among agencies and units is also rather widespread.

Closely linked to the two phenomena mentioned above is the aggressive and arrogant attitude of criminals and gangsters who commit serious robberies, murders and burglaries.

c) The third phenomenon is that of taking advantage of loopholes in the policies concerning circulation, distribution, exports and so forth or intentionally failing to comply with these policies in order to violate the interests of society, improperly distribute goods and raw materials of the state internally or sell them on the free market, establish illegal funds, spend funds in an indiscriminant manner, compete with others in sales and purchases and disrupt the market and prices, which lead to misappropriation, waste and many other illegal activities.

d) There are manifestations of bureaucracy, intimidation of the masses and authoritarianism, especially at installations that deal directly with the public, such as stores, hospitals, schools and so forth. The serious nature of these negative phenomena is that they violate the right of collective ownership of the masses, harm the traditional relationship between the party and the people and cause a decline of confidence in the party, in the system. Recently, intimidation of the masses has declined but such phenomena as the illegal searching of houses, the illegal confiscation of property, illegal detentions and so forth are continuing to occur in many localities, especially in the South. Many complaints and denunciations by the masses have not been promptly examined or acted upon.

e) There are negative phenomena in our cultural life and lifestyle, especially among youths; deserving of attention here is the lifestyle of pragmatism and individualism, of chasing after money, worshipping the material life of the West, living without need for ideals and demanding a life of pleasure but without wanting to fulfill obligations. This is something deserving of concern, especially among some urban youths.

Over the past few years, superstitious beliefs have been and are being revived at many places and are spreading, not only among the elderly, but also among youths, especially young women, and among manual workers, civil servants and

even intellectuals. There are even some party members and Youth Union members who believe in fate and practice card worship.

The seriousness of this problem lies in the fact that it causes a waste of time, energy and money, creates a passive, negative attitude and affects the implementation of policies. In ideological terms, it undercuts and erodes the revolutionary world view and philosophy of life.

The emergence of these negative phenomena in the initial stage of the period of transition is easily understood. However, what causes us concern is that these negative phenomena are widespread and persistent; they have eroded the achievements that have been recorded by our people in the work of building the new system, building the new economy, establishing the new culture and molding the new man; they have also harmed the once unassailable prestige of our party and state.

Why has this situation developed?

Negative phenomena exist and develop on the foundation of a given socio-economic base. In our country, this base is an economy in which small-scale production is still widespread in the form of millions of small merchants and private farmers; in addition, a component of the bourgeoisie still exists and controls rather strong economic forces. Such an economic base is fertile ground for the birth and survival of negative phenomena.

Before we could overcome the serious aftereffects of more than 30 years of war, the Chinese authorities, in pursuit of expansionism and hegemony, unleashed two consecutive wars of aggression against our country and are now waging a multi-faceted war of sabotage with a view toward weakening and easily annexing us. In the face of this threat of aggression, we have been forced to increase our national defense budget and mobilize an important portion of our labor force to meet combat needs. Following the war, non-repayable aid ceased; in addition, continuous natural disasters in 1978 and 1979 caused serious aftereffects.

These factors have caused our already underdeveloped economy and low standard of living to encounter even more acute difficulties. Negative phenomena that were once dormant have now been given an opportunity to develop in many fields, develop in an increasingly serious manner, not only in society, but within state agencies and within the party as well.

As regards our thinking, this base is the remnants of the thinking of the old society, which still have a heavy influence upon us, the remnants of the bourgeois lifestyle and the poisons of neo-colonialism.

More than a few of us are confounded by the rapid growth and spread of negative phenomena that we thought had been virtually abolished many years ago. Obviously, these persons have been naive in their evaluation of the strength of the remnants of old thinking and failed to realize that until we abolish the private ownership of the instruments of production, which serves as the material foundation underlying every negative phenomena in our social and economic life, it is impossible to thoroughly eradicate these phenomena.

Moreover, in past years, when the socialist ideology was constantly being strengthened and constantly attacking them and specific historic conditions were not favorable for negative phenomena, they were temporarily repulsed; now that we have somewhat relaxed our efforts on the ideological front on the face of the difficulties being encountered with the economy and in everyday life, these negative phenomena have an opportunity to re-emerge.

In addition, since the liberation of the South, besides the positive factors that have emerged in the flow of feelings and the cultural intercourse between the two zones of the country, the flow of remnants of the thinking and lifestyle of neo-colonialism within the areas that were once under U.S. and puppet control is unavoidable.

Besides the objective causes mentioned above, the 5th Congress also harshly criticized our subjective shortcomings. These involve a lack of knowledge of the work involved in organizing and managing the economy and society; the fact that the organizing of implementation is still marked by bureaucracy, is divorced from reality and not responsive to life; the fact that our ideological and cultural work are ineffective and lacking in militancy; the fact that law enforcement and discipline are still lax; the lack of resolve and thoroughness in the struggle against violations of the law and against social ills; the prolonged, slow development in certain areas of party building and so forth. On the one hand, these shortcomings have reduced the effectiveness of the struggle against negative phenomena; on the other hand, they provide these ills with the conditions they need to develop.

How have we struggled against negative phenomena during the past several years?

Our party considers the struggle against negative phenomena to be a pressing task as well as a basic issue closely linked to the struggle between the two ways of life during the period of transition to socialism.

Our party also realizes that negative phenomena emerge and develop as a result of many reasons, consequently, a series of integrated measures must be taken to overcome them.

Since its 6th Plenum, our party has considered the struggle against negative phenomena to be one of our three pressing tasks and has issued numerous directives and taken a number of specific measures, such as the following:

--Intensifying the effort to teach ideology and politics to cadres, party members and the masses and cultivate revolutionary qualities and the revolutionary lifestyle among them. Many political activity drives have been organized, such as the drive to issue party membership cards and improve the revolutionary qualities and ethics of party members, the drive to review the issuance of party membership cards and so forth.

--Promulgating laws on the punishment for the crimes of bribery, speculation and exploitation; examining and acting upon the complaints and lawsuits of the masses.



--Implementing a host of new policies and positions designed to bring about a change in the socio-economic situation.

--Waging a determined struggle against the psychological warfare operations of the enemy.

--Purifying the basic organizations of the party, the government, the army, the public security force and so forth and expelling deviant and degenerate elements from the party and the above mentioned organizations of the dictatorship of the proletariat.

--Relying upon the masses to display a spirit of collective ownership and strongly attack negative phenomena.

--Endeavoring to provide jobs for the masses.

In summary, our party has been making determined use of the combined strength of the entire dictatorship of the proletariat system and coordinating political, ideological, administrative and economic measures with a view toward stopping and eliminating negative phenomena and building the revolutionary spirit of the masses.

Thanks to these efforts, the struggle against negative phenomena has recorded a number of results.

--The most noticeable result is that a marked change has occurred in the spirit of work at enterprises and in the countryside. The phenomenon of only working 4 to 5 hours a day in the countryside has been overcome. Within enterprises, labor discipline has been improved; labor productivity can be increased considerably if we resolve the difficulties we are experiencing with energy, raw materials, supplies and so forth.

--Many negative phenomena are being attacked and have been partially repulsed; order and security on the streets are better than before; the practices of competing against one another in purchases and sales, taking advantage of the loopholes in policies and taking property from the state for internal distribution have also begun to be stopped; many cases of smuggling and profiteering have been uncovered and punished.

--One step has been taken in the effort to purify and strengthen the important organizations within the dictatorship of the proletariat system, such as the party, the state, the public security force, the army and so forth.

However, these results are only initial results; they are limited in scope and have not been firmly established. The negative phenomena in economic and social life are still quite widespread; in some areas, these negative phenomena have declined but, in other areas, although the number of cases has declined, the seriousness of these cases has increased. The dishonest merchants, persons who earn their livings illegally, degenerate and deviant elements and so forth who have not yet been dragged out into the light are gaining experience, becoming more clever and employing more sophisticated methods. As regards lifestyle, no significant changes have occurred.

Why is this? Strictly speaking, our struggle against negative phenomena has not been organized well. On the other hand, however, it must be recognized that the remnants of old thinking, old customs and old habits persist for a long time and possess formidable inertia in the attitudes of society. They are also closely linked to the socio-economic base that gave birth to them, a base that we have only begun to transform. For this reason, we should not think that we can eliminate negative phenomena merely by waging a few struggles. Lenin once observed that this struggle was much more difficult than the civil war and is a struggle that must be waged in a steadfast manner without becoming discouraged in the face of initial setbacks. What we can do and must be determined to do in a prompt manner is attack these negative phenomena, push them back and keep them at the lowest possible level of development.

The results that have recently been achieved in the struggle against negative phenomena have strengthened our belief that we can succeed in this effort. To do so, each of us must recognize that this is a major issue of all society, of the entire party and all the people; at the same time, it is an issue that pertains to each family and each individual, one which requires that everyone participate in the struggle in a voluntary manner and not participate in making negative phenomena worse. We must analyze the social conditions underlying these negative phenomena in each and every field, analyze the subjective causes of their emergence and growth and develop effective forms of organization and measures for overcoming them. A correct concept, a correct attitude will surely give rise to many creative and specific measures.

8. How are we to evaluate the qualities of the corps of cadres and party members?

The 5th Congress of the Party confirmed that the vast majority of our party members have firmly maintained their fine qualities. These proletarian qualities are evident in two areas:

--Boundless loyalty to the undertaking of the party and the people; the spirit of sacrifice and enduring hardships in the fight to carry out the tasks of the revolution; the maintenance of a wholesome lifestyle in a situation marked by many difficulties.

--Their level of political awareness, their experience in economic management and social management and their knowledge of science and technology have been heightened.

We must strongly state this observation without one bit of doubt or vacillation, even though the qualities of a small percentage of party members have declined.

What is there that confirms this argument? Let us examine each of the following fields in detail:

On the front of defending the fatherland, hundreds of thousands of party members are ready night and day to fight and are fighting alongside soldiers; some party members who live on the remote islands, along the frontline border

of the fatherland and in the friendly countries of Laos and Kampuchea keep their weapons firmly in hand even though they and their families are living very difficult lives; some army cadres have been away from their families for 20 to 30 years but the spirit of their wives and children has not waned; and countless examples of bravery have been set in combat and by remaining at places where hardships and difficulties are encountered. Clearly, no negative phenomena can negate these examples.

In economic construction, we can cite countless negative phenomena. However, besides these negative phenomena, tens of thousands of party members together with millions of our compatriots who have gone to clear wilderness are determinedly remaining on newly cleared land, enduring untold difficulties and hardships without becoming disheartened or discouraged and setting examples in order to maintain the spirit of the masses. Within agriculture, how could we wage victorious fights against natural disasters, how could the movement gain the enthusiastic participation of farmers in production without the role played by tens of thousands of party members? Within industry, it is the organizations of the party and leadership cadres who have taken the initiative in creating jobs for manual workers and maintaining production.

Therefore, when talking about the nature of the party, we are talking about the majority of party members, not about all of them, and even among this majority not all aspects are good; one person or another might display one or another quality that is not good but, in the main, it is good qualities that predominate. If these good qualities did not predominate, how could we have won the victories that were confirmed by the congress?

However, while confirming that good qualities predominate, we must be aware of the fact that some of our cadres and party members do not meet all standards. This percentage, although it does not represent the majority, is not a small percentage. These cadres and party members can be divided into three groups:

--A very small number of these persons have violated political standards;

--A number possess very low awareness;

--A number of others have degenerated or become deviant having intimidated the masses, demanded bribes, engaged in misappropriation or participated in illegal ways of earning a living.

--It is this third group with which we must be concerned and which we must research in depth.

In 1981, these four types of violations accounted for nearly 30 percent of the total number of disciplinary cases. Of course, these were cases that were uncovered; there were surely many other cases that were not detected. Thus, the theft of public property and the earning of a living illegally are very serious; not only are they undermining the base of the system of public ownership, they are also reducing the confidence that the masses have in cadres and party members.

Thus, what are the conditions that have led to this degeneration and deviancy on the part of some cadres and party members?

When the country was liberated, our party became the party in political power and began to manage all fields of life. Every cadre and party member was assigned a responsibility. However, in conjunction with responsibilities, our party granted them authority to manage certain materials in order to serve the people. The problem lies in how these cadres and party members are using this authority and these materials.

If a person who possesses good qualities knows how to cultivate his qualities and is under the close management of his organization, he will surely continue to display his fine qualities when in a position of authority. However, the following possibility must also be taken into consideration: this position and authority might lead this person to the point of degeneration if his character is weak or if, although his character might not be weak, he does not cultivate good qualities and is not managed or inspected by the organization. Because:

First, following the war, every cadre and party member has needs of his own and needs of his family. These are legitimate needs. However, these needs must be met in the correct manner, especially when cadres and party members are in positions of authority and control state supplies.

Under conditions in which society is still experiencing shortages and needs cannot be met as we would like them to be met, wanting to provide a better standard of living for oneself, for one's family, than permitted by the economy inevitably leads to the abuse of authority and the misappropriation of materials to serve personal interests.

Secondly, when they hold positions and have authority, cadres are affected by many influences from the outside: other agencies want to conspire with them; friends, neighbors and persons who provided help in one area or another have an impact upon cadres and ask them for assistance. These persons are not bad persons but if the cadre does not deal with them properly, he had already taken one step down the path toward degeneration.

Thirdly, there are, within society, countless small merchants, handicraftsmen, bourgeoisie, smugglers, profiteers and so forth; they surround and look for every way to have an impact upon cadres in order to achieve their goals. The methods they employ are very diverse and clever. In the face of this assault, will the cadre stand firm or will he be corrupted? We must recognize that more than a few cadres and party members have fallen by the wayside in the face of the methods employed by these persons; some cadres and party members have conspired with dishonest merchants to steal a significant amount of socialist property.

This is not to mention the fact that, in this stage of the decisive class struggle, the enemy is also attacking us by corrupting our cadres.

These objective circumstances need not lead cadres down the path of corruption. However, if, under these circumstances, cadres and party members

relax their effort to forge and cultivate good qualities, if the management and education provided by the party organization are less than thorough, they can easily become degenerate and deviant.

Recently, many party organizations have expended a considerable amount of effort in order to uncover, investigate, verify, review and take disciplinary action against cadres and party members who have committed violations or mistakes; however, not much effort has been expended to forge good qualities or guard against and limit these mistakes to the lowest possible level. Moreover, in terms of their form, substance and method, the jobs that have been performed have not been consistent with the new conditions that exist. As a result, their impact has been limited.

The problem that we face now is what should we do to insure that a party member who is in a position of authority and controls supplies and money does not become corrupt?

Which forms of education and educational measures should be employed to teach good qualities? Clearly, we cannot simply teach a class on ethics and have cadres and party members relate to what was taught. Thus, can examples of good and bad qualities be presented to party chapters for discussion so that everyone can express their point of view and attitude concerning them? Can we invite comrades from the court and public security sector to present detailed reports on a case of misappropriation or conspiracy and then hold an exchange of opinions concerning the schemes and methods employed in the case and its consequences? Or, should we organize the reading of and the exchange of opinions concerning such useful books as "Everyday Happenings Within the District"? In summary, we must think about, research and develop many effective forms of education.

As regards the management of party members, should we not also develop suitable forms of organization through which we can promptly detect and put a stop to unwholesome phenomena at the very outset? Should we not turn our eyes to the standard of living of cadres and party members; if we see that a person's standard of living is very high compared to his income, should we not point this matter out immediately and forthrightly state: "In view of your salary, how can you live so well"? This assistance will cause them to stop, to not become so deeply involved in mistakes that they become corrupt.

Once a party member has become corrupt, we should not simply think that his problem can be resolved simply by means of criticism and self-criticism. At such a time, we must employ administrative measures, must conduct an inspection and investigation, must uncover and clarify the matter.

Another important matter in creating the conditions for party members to maintain and develop upon their good qualities is to care for the material lives of cadres and party members, especially in a difficult economic situation, such as the one we presently face.

As regards management methods, we must coordinate the party chapter with the specialized agency; if the person is an economic cadre, it is also necessary to coordinate with the economic agencies with which the party member regularly

has relations. Relying upon the masses is also a matter of important significance in management, especially the masses at the places where the cadre works and lives.

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## PARTY ACTIVITIES AND GOVERNMENT

### RECENTLY PROMULGATED POLICIES REPORTED

Hanoi GIAO DUC LY LUAN in Vietnamese No 6, Nov-Dec 82 pp 43-51

[Article: "Newly Promulgated Major Policies"]

[Text] Editorial Note: over the past several years, especially since the adoption of the resolution of the 6th Party Plenum, many new policies have been promulgated with a view toward improving economic management, gradually eliminating the management mechanism characterized by administrative bureaucracy and subsidization, increasing the production and business independence of the localities and installations and strengthening the management apparatus of the state and the various production and business organizations. These policies have made important contributions to bringing about a new change in our country's socio-economic situation.

Many comrades have suggested that the editorial board report on these policies.

To meet this request, we have put together and printed a list of the policies and regulations that have been promulgated over the past 2 years for use as reference material in research and teaching.

#### I. Agriculture, Forestry and Water Conservancy

1. 129-TTg 14 April 1970 A decision on several measures for developing and planting new rubber trees.
2. 137-TTg 20 April 1979 A directive on practicing stronger forest conservation in the clearing of land to expand agricultural production.
3. 247-TTg 14 July 1979 A directive on developing coffee production.
4. 345-TTg 30 October 1979 A directive on harvesting, processing, purchasing and marketing cassava and other subsidiary food crops.
5. 257-CP 10 July 1979 A resolution on developing hog production.

6. 318 -CP 10 September 1979 A decision encouraging the full use of agricultural land.
7. 344-CP 22 September 1979 A decree promulgating statutes on the protection of crops in agricultural production.
8. 357-CP 3 October 1979 A resolution on the policy providing incentive for the development of buffalo and cattle production.
9. 371-CP 8 October 1979 A resolution on developing industrial chicken production.
10. 400-CP 5 November 1979 A decision on the income distribution policy within agricultural production cooperatives and collectives.
11. 305-TTg 18 November 1980 A directive accelerating the production and mobilization of grain, food products and agricultural products in the provinces of Nam Bo.
12. 95-CP 27 March 1980 A decision on the policy to build new economic zones
13. 201-CP 1 July 1980 A decision on unifying the management of cropland and strengthening the management of cropland throughout the country.
14. 374-CP 22 December 1980 A resolution on developing cotton production under the 1981-1985 five year plan.
15. 375-CP 22 December 1980 A resolution on developing the cultivation of coffee under the 1981-1985 five year plan.
16. 38-CP 13 February 1980 A decision on developing the rubber sector under the 1981-1985 five year plan.
17. 147-CP 7 April 1980 A resolution on developing agriculture within the Mekong Delta under the 1981-1985 five year plan.
18. 254-CP 16 June 1981 A decision amending the policy encouraging the clearing of land and the restoration of fields to production.
19. HDBT-109 8 October 1981 A resolution on developing agriculture and forestry in the mountain and midland provinces of Bac Bo.
20. 113-HDBT 17 October 1981 A directive on implementing the plan for sending labor and other people to build new economic zones in 1981 and 1982.
21. 60-TTg 13 March 1981 A decision assigning obligations to sell pork or beef from buffalo or cattle to the state during the years from 1981 to 1985 in the provinces and municipalities of the North.



22. 59-TTg 13 March 1981 A decision assigning stable obligations to sell agricultural products to the state during the 5 years from 1981 to 1985 to the agricultural cooperatives, specialized farming areas and centralized production areas in the northern provinces.

23. 273-CT 17 December 1981 A directive on taking the initiative in preventing and controlling pests in order to protect crops well in 1982.

24. 1-HDBT 4 January 1982 A decision on developing the cultivation of mulberries.

25. 31-HDBT 22 February 1981 A resolution on developing agriculture and forestry in the provinces of the Central Highland between 1981 and 1985.

26. 51-HDBT 17 March 1982 A resolution promulgating the Marine Products Cooperative Statutes.

27. 97-HDBT 29 May 1982 A decision on the policy for the development of the cultivation and planting of marine products.

28. 160-HDBT 16 September 1982 A directive on the policies and measures designed to continue the implementation of resolution number 148-CP dated 7 April 1981 on developing agriculture in the Mekong Delta.

## II. Industry

1. 78-TTg 2 March 1979 A directive on economizing on gasoline and oil.

2. 122-TTg 12 April 1979 A decision concerning several measures for accelerating the production, processing, purchasing and marketing of subsidiary food crops.

3. 1203-CP 28 May 1979 A decision on purchasing and processing coconut oil and developing the planting of coconut trees.

4. 358-CP 3 October 1979 A decision promulgating statutes governing small industry and handicraft installations with regard to signing and implementing economic contracts and producing and supplying materials to while marketing the products of small industry and the handicraft trades.

5. 291-TTg 24 October 1980 A directive on accelerating the harvesting, purchasing, processing and transportation of marine products supplied to cadres, manual workers and civil servants.

6. 330-TTg 25 December 1980 A decision on transforming and developing ocean fishing.

7. 31-TTg 7 February 1981 A directive on salt production, the salt business and the management of salt.

8. 98-HDBT 30 May 1982 A directive on the task of developing the production of the food products industry under the 1981-1985 plan.

### III. Communications-Transportation, Posts-Telegraph and Aviation

1. 130-TTg 3 June 1981 A decision accelerating transportation in order to insure a supply of grain to the provinces along the northern border.
2. 13-HDBT 3 February 1982 A resolution on measures for improving and developing communications-transportation during the years from 1981 to 1985.
3. 108-HDBT 30 June 1982 A decision on unifying the organization and management of ocean transportation to support export and import activities.
4. 166-HDBT 24 September 1982 A decision partially revamping the management organization and production organization of the communications-transportation sector.

### IV. The Overseas Economy

1. 320-TTg 24 September 1979 A directive on strengthening the management of non-state store exports and imports and preventing the clandestine exportation and importation of goods as well as illegal trading in imports.
2. 349-TTg 2 January 1979 A directive on intensifying the cultivation, planting, harvesting and processing of rattan and bamboo products for exportation.
3. 227-CP 21 June 1979 A resolution promulgating the regulations concerning the policies and measures designed to provide incentive for the development of the production of export goods.
4. 42-TTg 31 January 1980 A directive on reorganizing and improving local export activities.
5. 40-CP 7 February 1980 A decree promulgating regulations on the policies and measures designed to develop the production of export goods.
6. 195-CP 26 June 1980 A decision prohibiting the importation and illegal sale of foreign tobaccos.
7. 273-CP 23 August 1980 A decision assigning responsibility to the ministries and the agencies of ministerial level for initiating the implementation of the agreements concerning the coordination of the 1981-1985 economic development plan with the socialist countries.
8. 200-CP 26 May 1981 A decree regulating a number of points concerning the policies and measures designed to develop the production of export goods.
9. 113-HDBT 10 August 1982 A decision concerning several measures for developing the production of export goods and improving the management of exports and imports.

V. Circulation-Distribution, Socialist Transformation, Prices, Labor and Wages

1. 28-TTg 23 January 1979 A directive on the registration of industrial and commercial businesses in the South.
2. 90-TTg 17 March 1979 A directive on continuing the transformation and building of the eastern medical and pharmaceutical sector in accordance with the guideline of advancing to socialism within the southern provinces.
3. 140-TTg 21 April 1979 A decision on applying uniform transportation charges in the southern provinces.
4. 199-TTg 28 May 1979 A directive on completing the transformation of and further strengthening and improving the socialist production relations within industry and commerce in the South.
5. 350-TTg 3 November 1979 A directive concerning several policies and regulations governing our cadres and manual workers on assignment in Laos and Kampuchea.
6. 182-CP 26 April 1979 A decree promulgating regulations on the socialist collective ownership authority of manual workers and civil servants at the basic production and business units of the state.
7. 217-CP 8 June 1979 A decree promulgating the Code of Regulations on "the system of responsibility, the system of discipline, the policy regarding the protection of public property and the policy regarding serving the people" of state cadres, personnel and agencies.
8. 274-CP 25 July 1979 A decision establishing a system of annual wage and salary increases for state cadres, manual workers and civil servants.
9. 279-CP 2 August 1979 A resolution concerning the policy of providing incentive for the development and circulation of products that are not under the management of the state and supplying materials and products produced from local raw materials, discarded materials and defective products.
10. 280-CP 2 August 1979 A decision improving several policies on circulation.
11. 361-CP 5 October 1979 A decision improving several policies concerning purchasing, distribution and prices.
12. 372-CP 10 October 1979 A directive concerning pressing measures designed to accelerate the production of grain and practice economization in the consumption of grain throughout the country.
13. 373-CP 13 October 1979 A decision concerning a number of market management policies.

14. 375-CP 13 October 1979 A decision on expanding the business activities of commerce.
15. 271-CP 5 December 1979 A directive on implementing the policy concerning mountain and island cadres.
16. 29-TTg 21 January 1980 A directive on organizing the supplying of materials and goods in a manner closely linked to purchasing agricultural, forestry and marine products and accelerating the implementation of two-way contracts.
17. 47-TTg 9 February 1980 The work policy governing teachers transferred from the lowlands to work in the mountains, on the islands or in other remote areas.
18. 81-TTg 5 March 1980 A decision on the system of special remuneration of cadres, manual workers and personnel engaged in the exploration for petroleum and gas.
19. 83-TTg 10 March 1980 A decision adjusting airplane passenger service rates.
20. 144-TTg 29 April 1980 A decision on the wholesale prices of paper for the printing of newspapers and books.
21. 183-TTg 5 June 1980 A directive on implementing the statutes on the registration of businesses in industry, commerce and the services within the collective and private economies.
22. 202-TTg 25 June 1980 A directive providing guidance in the implementation of the law dated 23 June 1980 on the industrial and commercial tax and the slaughtering tax policy.
23. 208-TTg 28 June 1980 A decision on the selling and purchasing prices of draft buffalo and cattle.
24. 278-TTg 1 October 1980 A directive on implementing NQ/TW on improving distribution and circulation.
25. 301-TTg 17 November 1980 A decision promulgating a new list of fixed prices to replace the list issued in 1970.
26. 321-TTg 19 December 1980 A decision improving the system of additional compensation for public health cadres and personnel performing surgery.
27. 333-TTg 29 December 1980 A directive on the posting of prices.
28. 09-CP 9 January 1980 A resolution on the grain policy.
29. 10-CP 11 January 1980 A decision adjusting the retail prices of newspapers.

30. 119-CP 9 April 1980 A resolution promulgating statutes on the registration of businesses in industry, commerce and the services within the collective and private segments of the economy.
31. 174-CP 4 June 1980 A decision establishing regulations governing manual workers and civil servants under the old regime in the South who work at agencies and enterprises of the state and have now reached retirement age and must leave their jobs.
32. 228-CP 19 July 1980 A decision amending the policy on the circulation of buffalo and cattle.
33. 310-CP 1 October 1980 A decision on the policy stabilizing the obligations of agricultural cooperatives, production collectives and farm households regarding the sale of agricultural products to the state.
34. 311-CP 1 October 1980 A decision on the policy to stabilize the obligation to sell pork or beef to the state.
35. 312-CP 1 October 1980 A decision on strengthening the management of the market.
36. 313-CP 1 October 1980 A decision concerning the state's exclusive rights in the tobacco business.
37. 314-CP 1 October 1980 A decision adjusting the retail prices of certain consumer goods and services.
38. 314-CP 1 October 1980 A decision maintaining the living standards of manual workers and civil servants.
39. 15-CP 14 January 1981 A decision on revising and amending the regulations governing teachers within the general school sector.
40. 16-CP 15 January 1981 A decision to expand the payment of contract wages, piecework wages and bonuses within state-operated and collective units engaged in the harvesting and cultivation of marine products.
41. 25-CP 21 January 1981 A decision supporting measures designed to continue to expand the independence in production and business and the financial autonomy of state-operated enterprises.
42. 26-CP 21 January 1981 A decision to expand the payment of contract wages and piecework wages and implement various forms of bonuses within the production and business units of the state.
43. 64-CP 23 February 1981 A decision on the delivery to the state of products by state-operated enterprises and the centralization of sources of revenues in the hands of the state.
44. 64-150-CP 9 April 1981 A decision on the collection of industrial and commercial taxes within the fishing industry.

45. 219-CP 29 May 1981 A decision granting a temporary subsidy to manual workers, civil servants, the armed forces and the persons eligible for state subsidies.
46. 223-CP 29 May 1981 A decision amending the savings policy.
47. 224-CP 29 May 1981 A decision strengthening the credit, monetary and payment activities of the State Bank.
48. 227-CP 2 June 1981 A decision on price management.
49. 228-CP 2 June 1981 A decision improving the system of wholesale prices.
50. 10-HDBT 27 July 1981 A decision revising and raising the subsidy for overtime work by teachers within the college and vocational middle school sector.
51. 21-HDBT 8 August 1981 A decision amending a number of points in the retirement and disability policy concerning state manual workers and civil servants and military personnel.
52. 95-HDBT 26 September 1981 A decision on the purchasing prices paid for agricultural products and the prices at which instruments of agricultural production are sold to the collective economy and the household economy in the North, the coastal provinces of southern central Vietnam and the Central Highlands.
53. 116-HDBT 22 October 1981 A decision on the purchasing prices paid for marine products and the prices at which instruments of production are sold to the collective and private segments of the economy within the ocean fishing sector in the northern provinces and the central coastal provinces.
54. 129-HDBT 9 November 1981 A decision computing the prices of paddy and other agricultural products for the collection of agricultural taxes.
55. 111-HDBT 13 October 1981 A decision revising and amending the policy concerning village and subward cadres.
56. 134-HDBT 13 November 1981 A decision on the credit, monetary and payment activities of the State Bank with regard to implementing the policy revising the system of wholesale prices.
57. 150-HDBT 7 February 1981 A decision revising a number of subsidy policies concerning public health cadres and personnel.
58. 166-HDBT 25 December 1981 A decision amending and revising a number of wage subsidies.
59. 27-TTg 29 January 1981 A decision adjusting the purchasing price of honey.

60. 49-TTg 19 February 1981 A decision concerning the purchasing price of ocean fish and the methods by which they are purchased.
61. 91-TTg 15 April 1981 A decision adjusting the purchasing price and the selling price of salt in the North.
62. 144-TTG 2 July 1981 A directive on accelerating the campaign to practice frugality within the economic sectors and levels as well as among the people.
63. 145-TTG 5 July 1981 A decision on the wholesale prices of certain primary materials.
64. 20-CT 25 July 1981 A directive on initiating the implementation of decision 228-CP dated 2 June 1981 on improving the system of wholesale prices.
65. 34-CT 5 August 1981 A decision adjusting the purchasing price and the retail price of salt in the southern provinces.
66. 153-CT 18 September 1981 A directive concerning the measures that must be immediately taken and that must remain in effect until the state announces the entire system of new wholesale prices.
67. 194-CT 14 October 1981 A circular establishing the contract production prices and purchasing prices of the products of small industry and handicraft trades.
68. 205-CT 20 October 1981 A decision on the retail prices of medicine.
69. 208-CT 20 October 1981 A directive on the management of the system of directed retail prices of goods and service charges.
70. 222-CT 26 October 1981 A decision concerning the system of wages and bonuses within the port of Haiphong.
71. 234-CT 28 October 1981 A directive on reorganizing the auditing of tax collections and the management of the market in the southern provinces.
72. 237-CT 30 October 1981 A decision revising the wholesale prices of certain instruments of production and freight transportation charges.
73. 249-CT 11 November 1981 A decision concerning several subsidy systems within the cultural sector.
74. 250-CT 11 November 1981 A decision concerning several wage and bonus systems within the coal mining sector.
75. 257-CT 17 November 1981 A directive on continuing the adjustment of wholesale prices.
76. 15-HDBT 8 February 1982 A resolution on intensifying the practice of frugality.

77. 28-HDBT 19 February 1982 A decision concerning the new system of wholesale prices.
78. 29-HDBT 19 February 1982 A decision concerning the improvement of the system of purchasing prices for agricultural products and the system of prices at which instruments of agricultural production are sold from Thuan Hai southward.
79. 30-HDBT 19 February 1982 A decision concerning the improvement of the system of retail prices.
80. 99-HDBT 1 June 1982 A resolution concerning the guidelines, tasks and major policies and measures designed to resolve the grain problem throughout the country in the years ahead.
81. 105-HDBT 25 June 1982 A decision concerning the commodity supply system and temporary subsidies for wounded and ill veterans, discharged military personnel transferred to another sector and the families of war dead.
82. 105-HDBT 28 June 1982 A decision amending the retirement and disability policy of the people's public security sector.
83. 133-HDBT 17 August 1982 A decision on the policy regarding teachers and instructors.
84. 134-HDBT 17 August 1982 A decision concerning a number of systems that provide preferential treatment for cadres, manual workers and civil servants of the state.
85. 135-HDBT 17 August 1982 A decision concerning a number of policies providing preferential treatment to the army.
86. 136-HDBT 18 August 1982 A decision concerning a number of subsidy regulations regarding public health cadres and personnel.
87. 146-HDBT 21 January 1982 A decision revising and amending decision 25-CP dated 25 August 1982 [as published].
88. 158-HDBT 13 September 1982 A decision concerning a number of policies providing preferential treatment to the people's public security sector.
89. 159-HDBT 14 September 1982 A decision adjusting ferry and pontoon bridge charges.
90. 165-HDBT 23 September 1982 A decree promulgating the interest rates on savings deposits and loans at the Vietnam State Bank and credit cooperatives.
91. 20-CT 5 February 1982 A decision on accelerating the implementation of the various forms of contract wages, piecework wages and bonuses at state-operated production installations in agriculture, forestry and the fishing industry.



92. 40-CT 1 March 1982 A decision concerning a number of wage and bonus regulations governing the manual workers of the cement production sector.
93. 51-CT 11 March 1982 A decision concerning a number of wage and bonus regulations governing the manual workers and civil servants of certain sectors in material production.
94. 86-CT 13 April 1982 A decision concerning a number of regulations governing the payment of piecework wages and bonuses to state cadres, manual workers and civil servants.
95. 11-CT 30 April 1982 A decision concerning a number of wage and bonus regulations governing the manual workers and civil servants of the production sectors.
96. 125-CT 18 May 1982 A directive on the implementation of the commodity tax and slaughtering tax policy in the southern provinces.
97. 150-CT 22 May 1982 A decision adjusting airplane passenger service rates.
98. 226-CT 1 September 1982 A decision adjusting the purchasing price of salt and encouraging the clearing of land for the establishment of salt fields and the sale of salt over and above plan quotas in the provinces of the North.

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## LABOR

### BRIEFS

INSPECTION UNITS--According to reports from the Confederation of Trade Unions, in 1982 Ho Chi Minh City has established 70 workers inspection units consisting of 459 members. During the year, these workers inspection units carried out 664 inspections, uncovering 350 instances of violation. Workers inspection units in precincts 3, 6, 5, 8, 11, Phu Nhuan, Hoc Mon, Binh Chanh and Nha Be helped the grain sector in reducing its losses by 700 tons and the state in recovering over 300 tons. Workers inspection units also contributed in reducing negative occurrences in the commerce and health sectors and in public parking lots. [Text] [Hanoi LAO DONG in Vietnamese 3 Feb 83 p 2]

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## POPULATION CUSTOMS, AND CULTURE

### DAN PHUONG DISTRICT PEOPLE RELOCATED TO NEW ECONOMIC ZONES

Hanoi HANOI MOI in Vietnamese 20 Jan 83 p 3

[Text] The Dan Phuong District People's Committee recently held a conference to review the task of motivating people to go to build new economic zones during the 1980-82 period.

Over the past 3 years, Dan Phuong motivated and relocated 299 households with a population of 1,346 including 623 laborers and 7 party members. These people were transferred to the following areas:

To the Hanoi new economic zone in Lam Dong were transferred 213 households with 930 people including 429 laborers and 4 party members; two cooperatives were set up in the Tan Ha zone.

Various locations in the northern provinces received reinforcements composed of 86 households with 416 people including 194 laborers and 3 party members. The outstanding units in this common movement were the villages of Hong Ha, Trung Chau, Tan Hoi, Tho An, Tho Xuan, Thuong Mo and Phuong Dinh.

The above-mentioned achievements were due to the determination and concentrated leadership of the district party and people's committees and other echelons in conjunction with the timely guidance and assistance of the economic sector and other concerned ones in the municipality, to the determination and delineation of good areas, to the formulation of guidelines for quick and steady production and to the bold investment of labor and materials right at the outset; this investment included a new economic fund which played a very important role in creating conditions for the [relocated] people to have a stable dwelling place and to start production with peace of mind and enthusiasm.

In 1983, Dan Phuong will motivate 170 households with 850 people including 400 laborers to go out to build new economic zones. Of these outgoing people, 50 households with 250 people including 100 laborers will go to the Lam Dong new economic zone to shape up Cooperative No 2 while another 120 households with 600 members including 300 laborers will go to reinforce other economic model units, mainly to set up a new economic location in Vo Nhai and Phu Luong Districts, Bac Thai Province. Under the guidance of the municipal authorities, the new economic fund will be strengthened and regulated to provide support

for the [relocated] people. Each person going to the Lam Dong new economic zone will receive a supplementary housing allowance of 200 dong while, according to Decision No 254/CP, each person going to any other economic location will be supplied with 100 kgs of grain and 180 dong and each household will be given 1,500 dong to build a dwelling house.

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END